

JPRS-EER-90-046  
5 APRIL 1990



# ***JPRS Report***

## **East Europe**

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# East Europe

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## HUNGARY

### **Soviet Troop Removal: FIDESZ Urges Nemeth Not To Act**

25000678A Budapest NEPSZABADSAG in Hungarian  
23 Feb 90 p 4

[Excerpt] [passage omitted] In an open letter to prime minister Miklos Nemeth the Association of Young Democrats [FIDESZ] objected to the idea that the government in office would institute negotiations, and perhaps even reach an agreement with the Soviet Government concerning the schedule of Soviet troop removals. According to FIDESZ, the Nemeth government lacks the moral basis to reach an agreement with regard to an issue that affects our most elementary national interests. The Young Democrats warned in advance that if an agreement is reached despite their warning, they will not regard such agreement as binding upon FIDESZ, and that in the new Parliament they will initiate action to change that agreement. The planned negotiations and agreement will be acceptable to FIDESZ only if as a result of the agreement the last Soviet soldier leaves the country by 16 June 1990. (FIDESZ sent a copy of the letter addressed to the prime minister to the chairman of the Soviet Union's Council of Ministers.)

### **Highly Paid Former Workers Guards Guard Former Property**

25000678B Budapest NEPSZABADSAG in Hungarian  
23 Feb 90 p 4

[Article by Janos Czingraber: "Workers Guard-Gate in Two Acts: The Secret of Room No. 18"]

[Text] A stormy press conference held jointly by the local organizations of the Alliance of Free Democrats [SZDSZ] and the Association of Young Democrats [FIDESZ] in Szekesfehervar provided ample room for journalistic fantasy. At issue was a matter also nicknamed "Workers Guard-Gate," whose factual background is rather lean at the moment, but which nevertheless provides ground for all kinds of guessing and mystification.

The specifics? Workers guards continue to visit a room at the Szekesfehervar Workers Guard Headquarters; moreover, they do so at night and the room they visit is the communications center of the Workers Guard. This much! Just what this conjures up in individual minds depends on the inner fears harbored by various individuals. And there are very many kinds of fears like this. The informer, whom they refused to name at the press conference, was scared. So were the FIDESZ members when they walked around the building at night and determined that the light was indeed turned on in the ominous Room No. 18. No one had any idea of whether communications equipment was functioning in that room, just as no one could tell whether the former comrades-in-arms had established radio communications with some kind of Stalinist center in Albania, or if

they were playing cards along with wine and soda.... They presented a key at the press conference which is alleged to open the door to Room No. 18, and which drunk workers guards lost.

Another fact is that the Workers Guard section of the building in which several institutions function is guarded by a custodian appointed by the Ministry of Finance, but only during the day. Workers guards indeed have nothing to do in that building. The prosecutor's office to which FIDESZ and the SZDSZ handed the case will seal Room No. 18 on Friday, and the investigation continues.

Having said that, the press briefing could have come to an end, had it not been for the arrival of Gabor Majtenyi, director of the Ministry of Finance Institute for the Management and Utilization of Sequestered State Property. This institute with a long name is supposed to receive and settle the fate of Workers Guard property.

But how? The institute hired custodians for all 140 buildings. These custodians oversee the values in those buildings and do their chores. It was possible to explain why these custodians were former workers guards: People who were familiar with those buildings were needed, persons who knew where to turn off the electricity and water in case of trouble. On the other hand, Majtenyi was unable to provide an acceptable answer to the question of why these custodians received a monthly salary of 19,720 forints for sitting and guarding property for 182 hours. Journalists received the ultimate shock when it was learned that in earlier days, as an employee of the Finance Ministry, the director himself was a workers guard. "Accordingly, the building cabbages were entrusted to workers guard goats not only in the countryside, but also at headquarters," the question was asked in various forms. This one-time naive or insane idea of the Ministry of Finance ultimately derailed the press conference. Majtenyi's words hardly remained credible even when he said that the Szekesfehervar headquarters had no radios, that the workers guards handed in their weapons for self defense, and that in liquidating the Workers Guard they chose the most thrifty solution everywhere.

### **Defense Association Turns Into Sports Club**

25000680A Budapest NEPSZABADSAG in Hungarian  
26 Feb 90 p 4

[Article by Andras Sereg: "MHSZ Transformed at Special General Meeting"]

[Text] Emotions quickly broke loose at Saturday's special meeting of delegates of the Hungarian National Defense Association [MHSZ]. One delegate declared in regard to the proposed agenda that they were not interested in the leadership report and debate concerning the future of the organization, and that the 4242 national defense clubs should be started instead. But the delegates booed the suggestion, saying that they had convened to discuss legal succession, not to attend a funeral.

Thus, the one-day general meeting did not focus on anything but the legal and technical aspects of legal succession: how the association could be transformed into a social organization.

The 709 delegates listened with interest to a report presented by government commissioner Ferenc Szombathelyi. He announced that although the Defense Ministry's oversight will cease, the army will not leave the association to its own. They will provide for the financial conditions of operation through the end of this year. The major general regarded the Council of Ministers decision which, among other matters, authorized the continued use of state property managed by the MHSZ as one that presumes renewal. Szombathelyi regarded patriotic education, community minded thinking, and technical knowledge as the chief values of the association to be transformed into a social organization. While the ministry will stand fast in support of the association, the special branch on aviation will leave the organization. The aviation group will continue to operate as a separate association, according to the aviation chief, Jozsef Szepesi.

At the conclusion of the meeting, the delegates gave a new name to the organization: the Hungarian Federation of Technical and Mass Sports Clubs (MTTKSZ). Oszkar Csepregi, the former deputy executive secretary, was elected to serve as managing chairman.

#### **SZDSZ Shift to Left, MDF Hesitancy Seen**

25000678C Budapest NEPSZABADSAG in Hungarian  
28 Feb 90 p 8

[Article by Lajos Pogonyi: "NEPSZABADSAG Political Salon: Mudslinging Should Be Set Aside; Party Leaders Establishing a National Slate at the Editorial Offices of NEPSZABADSAG"]

[Excerpts] [passage omitted] Jozsef Torgyan, general counsel for the Independent Smallholders, Agricultural Workers, and Citizens Party [FKgP] said that the concern the Hungarian Socialist Workers Party and its successor party have is the same as that of the flunked student's fear of taking an exam, while the Smallholders' concern is akin to the traveler's fear of a mugger. In Torgyan's view, the Smallholders organized the best campaign, moreover, there are areas in the country where one finds only supporters of the FKgP. [passage omitted]

Speaking of the Hungarian Democratic Forum [MDF], Denes Csengey [passage omitted] said that the unpredictability of some parties causes disturbance. He regarded the Socialist Party as one of the unpredictable parties because there is a gaping abyss between certain well known personalities and the party itself. He also regarded the Alliance of Free Democrats [SZDSZ] as unpredictable, because in his view that party introduced itself at the outset as a liberal party, later changed to become a social-liberal party, and as of recently it introduces itself as a socialist party in the European

sense of that term. Mentioning a specific example, Csengey said that not too long ago the SZDSZ argued in support of spontaneous privatization; at present it argues against it. With some irony, he said that one should rejoice over this because, at least in this sense, the SZDSZ is beginning to resemble the MDF. [passage omitted]

On behalf of the SZDSZ, Peter Tolgyessy stressed that fact that a change in the system is the real stake in these elections. Actually, the voters will go to the ballot box not to cast a vote against the state party, but in order to contribute to a new Hungary. In Tolgyessy's view thus far in the campaign it has occurred that persons and programs having no authenticity have engaged in battle. The SZDSZ agrees to clean up the mass of bankruptcy accumulated by the Hungarian Socialist Workers Party [MSZMP] and its successor party. [passage omitted] Tolgyessy thought that his party follows a consistent path, thus rejecting Csengey's statement regarding the SZDSZ. [passage omitted] Tolgyessy ruled out the possibility of a coalition with the MSZMP or the Hungarian Socialist Party [MSZP]. In conjunction with this, he pointed out that certain politicians within the MDF do not rule out the possibility that the new government will have some socialist members. [passage omitted]

In the course of the dispute, Viktor Orban tried to prove that the Association of Young Democrats [FIDESZ] was not conducting an anticommunist campaign, and that FIDESZ was trying to suggest a staid approach. Responding to the idea that left-wing forces should join together, Orban raised the question of whether the SZDSZ is also part of the left-wing concept nowadays. The Agrarian Alliance representative expressed disappointment that in this debate two parties, namely the MDF and the SZDSZ representatives, clashed, whereas the matter of what awaits the country in the future should have been discussed. [Agrarian Alliance representative] Bertalan Mayer regarded Tolgyessy's "systems theory" as one designed to scare people. That theory holds that there are parties which want to change the system. These include FIDESZ and the FKgP, along with the SZDSZ, while other parties, such as the MDF, are hesitating. [passage omitted]

#### **National Security Office Chief Interviewed**

25000680B Budapest NEPSZABADSAG in Hungarian  
2 Mar 90 pp 1, 3

[Interview with Colonel Lajos Nagy, National Security Office chief, by Peter Vajda, on 23 February; place not given: "The Securitate Men Are in Their Places"]

[Text] Is there counterintelligence in Hungary, and is it true that Hungary is the Eden for foreign intelligence? Are secret service activities being pursued, such as wiretapping, for example? We discussed these and similar subjects with Colonel Lajos Nagy, head of the National Security Office, on Friday, i.e. the day when his

office's activities were actually removed from under the Ministry of the Interior's jurisdiction.

[NEPSZABADSAG] Colonel, this organization is regarded as one that took over the functions of the previous counterintelligence. What else belongs under your office's jurisdiction?

[Nagy] In addition to the counterintelligence activities mentioned, uncovering incitement against the community and the spreading of false rumors, as well as the securing of particularly important state facilities is under our jurisdiction. This should not be understood to mean the physical guarding of such facilities, but operational security instead. It will be our task to make preliminary determinations as to whether certain persons are unfit to serve in high positions because of their past, their way of life. This practice is similar to the one pursued in other developed countries. Quite naturally, the related investigations will be conducted with the knowledge of such persons. Similarly, the security control of persons immigrating to Hungary is also under our jurisdiction. According to advance indications provided by professionals, this constitutes a serious problem, because according to our forecasts the number of immigrants will level off at a higher level than it is today.

[NEPSZABADSAG] And what else is under your jurisdiction?

[Nagy] Let me read something from a letter. I will not name the addressee. "You are a traitor, a perjurer; you betrayed the army and the Workers Guard. You betrayed the Soviet Union. If even a single comrade of ours suffers harm, you will be the first one to be executed." This threatening letter was received by a person in a high position. He gave it to us, and we are supposed to conduct the related investigation. But disquieting indications also come from other directions. We have seen attempts which may tend to evolve into the seedling of an organization that has a fascist character.

[NEPSZABADSAG] You obviously feel that in order to uncover matters like this you require so-called secret service means. Are you continuing with these?

[Nagy] Yes, we need those for wiretapping, to observe and control people and mailings.

[NEPSZABADSAG] Is the mail being controlled, and is wiretapping going on at present?

[Nagy] We are not pursuing the former. We must reach an agreement with the postal service in order to do so. Such activities may be pursued hereafter strictly within the limits established by law. The number of wiretapping cases authorized by Justice Minister Kalman Kulcsar is under 10. He did so consistent with the law, in response to my proposal, in due regard to the dangerous character of the terrorist threat, and of presumed spying activities. Such surveillance may be continued for 30 days, and may be extended by an additional 30 days, if warranted.

[NEPSZABADSAG] Has there been a case in which your recommendation to this effect was rejected by the justice minister?

[Nagy] No, there has been no such case.

[NEPSZABADSAG] We learned from the Black Box that your office was being observed from the building across the street. The curtains are not drawn: Is someone observing us? And in general: How could this happen at all?

[Nagy] I will tell you frankly, I do not know whether we are being observed at this time. Incidentally, the Interior Ministry organ that was charged with securing the operational security of governmental institutions thought of everything, except its own headquarters.

[NEPSZABADSAG] Let me change the subject. When I prepared myself for this interview I met with a leading official of a large opposition organization. He told me that allegedly some persons being held on grounds of their opposing political beliefs under the pretext of spying are still imprisoned. True or false? And in general: How many people are in prison in Hungary for spying?

[Nagy] Ten people are in jail on charges of spying. Seven of these were members of the old Hungarian Socialist Workers Party [MSZMP] before their arrest. Not even by accident would you find a person among them pursuing opposition political activities. A review of their files fully proves that they were engaged in spying.

[NEPSZABADSAG] Which one of these is the most interesting case?

[Nagy] The one that pertains to a military officer on duty abroad. He was recruited over there and continued his activities upon his return home. He lost out when, somewhere in the vicinity of Budapest, they provided him with means of concealment, together with instructions and foreign exchange.

[NEPSZABADSAG] Where did this take place?

[Nagy] At a deserted place just outside of the city, but one that was not sufficiently deserted so that a lone car would not be noticed. Counterintelligence recorded this case as a great success, and chose a cover from Greek mythological terminology. One of our foreign traders also agreed to serve a foreign intelligence organ for profit. Seven out of the 10 persons charged with espionage pursued this activity clearly for profit, while three voluntarily handed over state or service secrets, hoping that by doing so they would establish foundations for their careers abroad.

[NEPSZABADSAG] Is it true that Hungary is the Eden for spies?

[Nagy] Unfortunately we are living in an era in which many people become uncertain of themselves; some are willing to sell everything, including their homeland. A new government must also count on the fact that foreign

countries will want to acquire many of its secrets. For this reason there certainly will be cases like this in the upcoming decade. Just how much interest is manifested in Hungary? I just prepared a report to the prime minister in which I summarized certain cases: the names of those who reported to us that they were approached by foreign intelligence organs in the recent past. It is conceivable that there were other people who did not report such incidents.

[NEPSZABADSAG] As far as counterintelligence is concerned: What are you preparing for to counteract—activities that originate from what directions, from what sides? Has there been a change in terms of your national security doctrine, if I may use this term, as compared to the past?

[Nagy] The division of the world on an ideological basis must be discontinued with regard to this activity. We must protect ourselves in the direction from which this activity is pursued against us. We must take into consideration the fact that secret service activity exists even within the same system of alliances.

[NEPSZABADSAG] Could you tell us whether Romania, a country which actively pursued such activities against Hungary, has ceased to pursue these matters?

[Nagy] I can say this much: Our information confirms that the Securitate men, almost without an exception, are in their places. And by now they are not just waiting.

[NEPSZABADSAG] Should I understand this to mean that the Securitate, or whatever its successor organization is, is continuing its activities against our country?

[Nagy] Yes, you should.

### **Israeli Ambassador on Anti-Semitism**

25000680C Budapest NEPSZABADSAG in Hungarian  
3 Mar 90 p 14

[Interview with Slomo Marom, Hungarian-born Israeli ambassador to Hungary, by Laszlo L. Lengyel; place and date not given: "Israel Cannot Be Indifferent"]

[Excerpt] [passage omitted] [NEPSZABADSAG] As long as you mentioned this part of Europe, what is your perception of the Hungarian situation? Do you recognize any threat to the coexistence of Jews and non-Jews?

[Marom] I must make it clear that whatever takes place in Hungary is your internal affair. I must add, however, that just as your home country is not indifferent with regard to the fate of Hungarians beyond your borders, Israel cannot be indifferent with regard to the Jewry wherever it exists in the world. In my judgment, as a result of Hungarian democratization the things that existed before, but were swept under the rug, are now surfacing. Insofar as anti-Semitism is concerned, there is a huge difference as compared to the 1920's and 1930's. In those days anti-Semitism essentially constituted a government program, and we know what that ended up

as during World War II. In my view, today's anti-Semitism may be experienced mainly among persons of the lower classes and in part of the intelligentsia, but under no circumstances does anti-Semitism constitute a government policy, and to the best of my knowledge, not a single political party program has an anti-Semitic character, or at least they deny that they pursue such policies.

Furthermore, it is important that in my view there is an understanding in Hungary that integration with Europe cannot be perceived along with occurrences of anti-Semitic manifestations. I trust that a democratic Hungary, one that acts consistent with the Helsinki principles, will be able to make its citizens understand that anti-Semitism is a retrograde, negative phenomenon, and that it is dangerous not only to Jews, but to all citizens. I hope that Jews who want to live in Hungary—and momentarily signs indicate that a majority of them want to live here—may live and work here as Jews in peace, without any harassment and discrimination. If this is not the case, there will be some who feel that they can stay here no longer. But by now these people also have a country where they can go at any time, because Israel is awaiting them with open doors.

### **YUGOSLAVIA**

#### **'Limited Sovereignty' of Top Leaders Stressed**

90EB0200B Zagreb DANAS in Serbo-Croatian  
9 Jan 90 pp 22-23

[Article by Milan Jajcinovic: "Leaders of Limited Sovereignty"]

[Text] There is nothing to add or take away from the proclamation of Mikhail Gorbachev as the man of the decade. He really has put his mark on the last decade. Creator of perestroika and glasnost, the man who opened wide the Iron Curtain has won the sympathies of the world, certainly including the Yugoslavs. He also took first place in the now traditional popularity rankings which certain Yugoslav newspapers draw up at the end of the year. But while in those surveys Gorbachev's reputation is unquestioned and undisputed, for many Yugoslavs the reputation of Yugoslav politicians is questioned and disputed. Only Ante Markovic is represented by all the surveys as a person who has something of Gorbachev in him. All the others are marked off by ethnic boundaries.

The present Yugoslav prime minister, with his resolute orientation and the expression of a man who knows what he wants and what to say, has undoubtedly become a special phenomenon among the cloned general practitioners of politics. A man whom many thought had tackled a futile job has displayed Hercegovinian resourcefulness as he has steered the ruined raft of the economy through all the rapids and past the underwater mines which people keep laying for him. It seems that Yugoslavs like this challenge to destiny. He is equally respected by

Slovenes and Bosnians. Restorer of the Yugoslav economy and alchemist of the new dinar, he showed superiority in taking first place in the popularity hit parades of DELO in Ljubljana, NEDELJNA DALMACIJA in Split, OSLOBODJENJE in Sarajevo, and POLET in Zagreb. He was also proclaimed hero of the year in this newspaper as well. He took second place only in OSMICA in Belgrade. First place was taken by Slobodan Milosevic.

In POLET's survey, Ante Markovic left behind him Milan Kucan, Janez Drnovsek, Vukasin Micunovic, and Branko Horvat. In DELO, Drnovsek and Kucan once again. In NEDELJNA DALMACIJA, the prime minister "beat" even people in show business (Vice Vukov), in sports (Toni Kukoc and Dino Radja), in science (Josip Sokolic and Asim Kurjak), in journalism (Tanja Torbarina, Ankica Barbir-Mladinovic, and Jelena Lovric), and certainly people in politics (Ivica Racan, Azem Vllasi, Janez Drnovsek, Stipe Suvar, Milan Kucan, Ivo Druzic,...). The only person the people of Split prefer to the prime minister is Little Mo, i.e., Monika Seles, the tennis prodigy. But the people from Split are the only ones who do not believe in Markovic. The people of Sarajevo put him in first place in the survey conducted by OSLOBODJENJE, and they also expect that he will be the person who will place his stamp on 1990 as well. Janez Drnovsek, Nijaz Durakovic, Milan Kucan, and Zdravko Grebo are far behind him with respect to that expectation.

#### Saint Ante, the Supranational

The eyes of Yugoslavs, it is obvious, are turned toward the enterprising, efficient, and persistent chairman of the Federal Executive Council. As though there is an increasingly perceptible awareness that the fate of the country will largely depend on his fate. Markovic is the indubitable embodiment of the desire for change, a fighter for a new socialism that would deal the last blow to Dogma. That dragon is as strong as the devil himself, and Markovic is not Saint Juraj (George). But many people believe that he is Saint Ante. To be sure, perhaps he is not, not yet, but if he conquers that monster, there is no doubt that he will be glorified. But to reach that point he will have to pass through hundreds of other trials difficult for an ordinary mortal to overcome. The followers of Dogma, though some ground was given, are still so strong that they will use every darkness and every nook and cranny to trip up Markovic. At the moment, the most persistent interceptors are in Serbia and Vojvodina. Certainly, they exist in the other regions of Yugoslavia as well, it is simply that they retreated before the onslaught of the current of reform. Should it be slow and lukewarm, they will quickly get their bearings and begin to set their traps. As a matter of fact, perhaps Markovic and his followers would already have been confused if the political collapse had not occurred in Eastern Europe, if the Dogma's scales had not already been penetrated there.

The fact that in all the surveys he was a person who placed at the very top should be encouragement to the reformers led by Markovic. This shows that both "Saint Ante," just like Dogma, is supranational, that he is not a puppet of his republic, although there were some stubborn people who because of their contamination with political irrationalism do not want to admit that anyone can behave differently. Accusations were even heard to the effect that Markovic "is continuing in economics what Suvar did in politics." But now the prime minister is faced with the task of solving the riddle of the "severing of economic and political ties with Slovenia." The question of whether or not he will be called a "Serbophobe," but also the destiny of the entire reform will depend on its solution. It is clear, after all, even to any noneconomist that not even the "r" will be left in the reform unless there is a unified market, if there is a blockade against the flow of goods, if there are republic feuds complete with customs houses.

Ante Markovic is perceived today as the "third man." That is, if Milan Kucan is perceived as the personification of Slovenian policy and Slobodan Milosevic as the embodiment of Serbian policy, then it will be crucial for the "third man" to conclude a cease-fire between those two. What kind of economic reform can there be if there is an economic blockade? Although Markovic attended the breaking of bread to celebrate the new Serbian Constitution, he is less well liked in Serbia than in Slovenia, and it is difficult to believe that he will have enough credit there to be able to quickly persuade the Serbian side to relent. Actually, this means persuading Milosevic, since today "he says what Serbia is thinking." Milosevic, that is, even in the Yugoslav survey conducted by OSMICA, convincingly became the "man of the year." If the survey had been confined to Serbia, probably the triumph would have been still more pronounced (Markovic is considerably behind him, but far ahead of the others).

Slobodan Milosevic, "the father of modern Serbia," presents ahead of Janus to all the respondents. Some see him this way, others that way, some see him almost as a saint, others as a demon. Milosevic has been persona non grata in Slovenia for a long time now. He probably is even less well liked since the economic blockade. The survey conducted by DELO also showed this aversion to the president of Serbia. In it, Slobodan Milosevic was absolutely the most negative figure. With his 95.7 percent of the votes, he even surpassed Ceausescu, who collected 89.1! The most popular Slovene, the man expected to paint the star with European paint, is Milan Kucan. Joze Smole and Janez Drnovsek are several light-years behind him. At the Yugoslav level, the prime minister from Koncar collected the largest number of points, and at the world level the man of the decade. The Slovenes proclaimed the "healthy forces" to be their negative heroes: France Popit and Tomaz Ertl. At the Yugoslav level, as we have already said, this was Milosevic. Rahman Morina, the top leader in Kosovo, who recently was on the front page of MLADINA, is keeping him company.

If we ignore the datum that more than 30 percent of those asked OSMICA's question as to who is the Yugoslav person of the year in a negative sense replied that they did not know, then even in this survey Slobodan Milosevic was in first place as the "negative figure" (Vllasi and Suvar lagged behind him). Nor did he fare much better in NEDELJNA DALMACIJA, where the people in Split did indeed put him in the hit parade, but a number of them said that they actually perceive him as the "antihero of the year," the "negative person of the year," or as a person who "did mark this year, but in a dark light." Even in POLET, Milosevic walked through the brambles barefoot. He collected in absolute terms the largest number of negative points, leaving far, far behind him Dobrica Cosic, Rahman Morina, and Momir Bulatovic, as well as Stipe Suvar (who in the same survey was also referred to as "the most faceless"). Nor were the people in Sarajevo particularly inclined toward him, since although many referred to him as a person who might have marked this year, "many more of them felt that he would mark it in a negative sense."

#### Love, Hatred, and Transformation

If there is a public figure in Yugoslavia at this moment toward whom no one is indifferent, then that person is Slobodan Milosevic. People are either for him or against him, with no one left over. He is loved or hated. Dr. Jovan Raskovic once said in an attempt to answer the question of why this is the case: "Milosevic is not a person adored because he is a threat to all the other ethnic groups, but in those interethnic relations and frictions, he is someone in whom one group is investing all its love, all its fond hopes and prospects. The points of departure are the same. One is the point of departure of love, the other is the point of departure of hatred. Accordingly, there is no reason for wonder that Milosevic should at one and the same time be the object of both exceptionally great love and great hatred." The "love story" began one chilly night, referred to as the "night of strong words" in Kosovo Polje when many people sensed the protective and fatherly tone in his sentence: "No one had better dare to beat this people anymore." For them, this was the long-awaited metamorphosis of Serbian politics, while for those who did not sense that tone, this was the night of a metanoia, that is, of a personal mental transformation.

Kosovo Polje was the point of origin of another myth, the myth of Slobodan Milosevic. That myth sprang up there, was consolidated by the eighth meeting, and was disseminated by the flood tide of rallies. The multitude carrying Milosevic's picture, the banners that celebrated and glorified him, the ode composed in the deseterac and the newly composed howling, the backing of the media, and the overly sweet speeches of an academic reinforced the myth even more. But they frightened the "northwest." To look at a surging crowd day after day, a crowd that is demanding, accusing, and threatening, must after all make one uneasy. Even in the "northwest," Milosevic is perceived as the Serbian leader, and accordingly as the only person who can halt the torrents of the irrational

(such as always exist in the multitude—the irritated iconoclast, a creature similar to the Chetniks, the drummer of a Great Serbia, a professional rally speaker...). Nothing happened, the multitude continued to surge, and this was interpreted as Milosevic's opportunism. That opinion later became consolidated even more. One "My hearing is not good!" and "I promise you that!" and the very act of "pacification" of Kosovo made Milosevic the leading "negative figure" of the northwestern part of the country.

People often do not want to acknowledge that Milosevic most probably comes from very deep strata of the emotions of the collective unconscious, from some threatened sense of ethnic frustration, and if it had not been him, then certainly some other "Kosovo avenger" would certainly have emerged. He rose up on the Kosovo myth, feeling the pulse of the "ethnic organism," building himself up more and more as the unifier of Serbia as well. In that effort, he has had almost universal support: from the last peasant in some Serbian backwater to sophisticated academics. People like that were convinced that the recent constitutional solutions had done Serbia an injustice and had to be corrected. All the while he was working on unification, Milosevic had almost absolute support. The first doubts were engendered in his spokesmen by the farcical nature of the recent elections, which for them were far beneath the tradition of Serbian democracy. The doubts intensified still more with the effort of the Serbian Communists to maintain control over the birth of new parties, i.e., to restrain political pluralism, to instill democracy spoonful by spoonful. Perhaps that is one of the reasons (along with those already mentioned) for the decline in Milosevic's popularity. That is, at the end of the year before last he had the support of 42 percent of those polled in the survey done by OSMICA. At the end of 1989, the number had dropped six percent.

#### Political Marketing

The following were proclaimed the men of the year in 1988: Milosevic in OSMICA, Stanovnik in MLADINA, and Suvar in DANAS. More or less everyone was chosen in his own republic backyard. Nor was it any different last year (with the exception of Markovic). Thanks to Ante Markovic, who is, in essence, an antileader, those boundaries have now been crossed. In all the polls, he was either first or among the first. Milosevic, by contrast, was mainly perceived as a negative hero. But if the survey had been done by POLITIKA, DNEVNIK, or POBJEDA, Milosevic and Markovic would certainly have finished differently in the popularity hit parade. But probably then there would have been an antipodal relation. And its existence is nothing to be wondered at; after all, these are essentially policies which desire to be all-inclusive and which therefore are mutually exclusive. If Markovic holds on, he might be the beginning of a serious deflation of Milosevic's charisma and the transformation of Markovic into a modern Yugoslav leader, recognized both within the country and outside it. Because of those possibilities, on which the way the



country will look in the future depends, all the other Yugoslav politicians have for a long time now been minor pieces in this political game of chess.

At one time, political chess was played in this country by people sitting in deep armchairs in pleasant quiet salons far from the eyes of the public. Politics was the arcane and secret technique of ruling. They appeared in public in party plenums, parades, and ceremonial visits to the various parts of the country. Everything was always carefully prepared, arranged, and cosmetically polished. The consequences were dual: some created a personality cult and others Potemkin villages. Reality escaped both the leaders and the "tailors of spiritual suits" and the population. The leaders were convinced that they had a "wonderful people," and the people thought that the attributes of rulers attributed to them were altogether accurate. In such times, there was no need whatsoever to measure the popularity of the people in power. The hymns composed to them were evidence of how well liked they were. This was a time of the political idyll. That political Arcadia vanished long ago.

What was once reserved for show business has today become the lot of politicians as well. Many do not like it. But people like that still have not realized the time in which they live: it no longer puts up with the conception of political office as a piece of inherited land, nor does it tolerate faceless people in politics who have come to it from the party's incubators. Now, they must be ever so mindful of what the population thinks about them. Hardly anyone will ever vote again for a fat politician with loosened tie or someone with greasy hair who in addition says stupid things. Political marketing will be increasingly important. The image market has its own requirements. Whoever meets them will go further, who does not will not pass. The time when politicians did not have to leave their office is gone. The polls have demonstrated this unambiguously. None of those people got a vote from anyone. The political future, if events in this country conform to the contemporary world, belongs to those politicians who know how to talk coherently and not babble, who know how to eat lunch without getting grease spots on themselves, who will be perceived as public figures, not as media bedouins. The most recent polls have largely shown which ones are like that. Each successive one will show it even more.

### **Zagreb Official on Pluralism, Elections, Confederation**

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16 Jan 90 pp 16-18

[Interview with Dr. Tomislav Jantol, professor of political science and president of the Zagreb City Conference of the Socialist Alliance of Working People of Croatia, by Milan Jajcinovic; place and date not given: "The Fear of Democracy"]

[Text] Dr. Tomislav Jantol of the School of Political Science at Zagreb University has been engaged for years

in analyzing political processes in Yugoslav society. The main preoccupation of his scientific interest is the public and the possibility of establishing its oversight function, while the preoccupation of his practical political activity has been the creation of democratic space. As an advocate of political pluralism, Professor Jantol, as president of the Zagreb City Conference of the Croatian SAWP [Socialist Alliance of Working People] and a member of the group that has worked to transform the Socialist Alliance, is one of those who deserve most of the credit for emergence of the so-called alternative onto the political scene and also for the thought that is beginning to be given to the Socialist Alliance of Croatia as a potential political party.

DANAS: You were a member of the group which worked on transformation of the Socialist Alliance. Was the possibility of the Croatian SAWP becoming a party envisaged at that time?

Jantol: That idea was there from the very beginning of the effort. But it was still being deliberated whether to offer it to the public or not. The idea of an independent political organization was launched with a great deal of caution, since it was anticipated, in view of its departure from the entire line of political experience up to that time, that the political authorities would disagree. Nevertheless, we tested the public and 80 percent of those who took part in the discussion opted for the model of an independent political organization by contrast with the model of internal democratization of the Socialist Alliance. Still, I must say that the conference of the Croatian SAWP held recently has left quite a bit of confusion as to the consequences of that independence, although from the very outset it was clear that independence did not merely mean independent political activity in the sense of separation from the League of Communists [LC] and its tutelage, but that it also meant independent definition of its own political views and its own program, as well as the backing of its own candidates in elections.

DANAS: Is the election law, even after revision, adapted to the multiparty system?

Jantol: Direct free elections and free competition of diverse political parties is something that differs utterly from the constitutional model of so-called self-management democracy that is still in effect (and whose changes are under way). Elections will be an occasion for pluralism, democratization, and multiparty activity to manifest themselves, even though the model of political life we have had up to now has not been amended. The amendments to the Constitutions of Croatia and Yugoslavia have already opened up space for democratization. An effort is now being made in Croatia under the pressure of various political groups (from the Socialist Alliance to the alternativists) to speed up the process of amending the constitutional documents. But this effort did not go all the way, and space has not been altogether opened up for the multiparty style of activity and truly and thoroughly democratic elections. Nor has the role of the Socialist Alliance been altogether changed, i.e., to

free it of the functions it has had up to now as an organizer of the elections and for it to be treated as a party on a par with the others. Perhaps the reason for that is the opinion of legal experts that if the Croatian Socialist Alliance becomes a party, this would be contrary to the federal Constitution, and would therefore stop halfway.

DANAS: Can the upcoming elections be truly democratic?

Jantol: In my judgment, these elections will not be fully democratic and equal, since the LC and Socialist Alliance still have a certain advantage. They have an advantage in that the Socialist Alliance is still the organizer of the elections and in that the LC and SAWP are still dominant in the system of public communication. That is, the opposition is not altogether equal in that sense, and that is why I think that these elections will be only the beginning of true democratic elections, and the most that can be gained from them is that in this restricted framework of pluralism and democracy the opposition will win a few representatives in the Croatian Assembly and in city and opstina assemblies. That is, that the opposition candidates will win in some places, will become members of representative bodies, and will operate through that mechanism so that soon thereafter, not only because of the activity of the opposition, but also that of the so-called institutional forces, the new law on political organization will soon be drafted. The law on the multiparty system and the new election law would also resolve certain technical problems of democracy which go beyond the merely technical. I am referring to whether the election system is to be based on proportions or a majority. At this point, for instance, the opposition is demanding the proportional system, and the LC the majority principle. The opposition, that is, is afraid that elections on the majority principle afford less chance of an opposition candidate winning, since the bloc of institutional forces will probably have the predominant influence. These are issues that have to be resolved when the future law on elections is drafted.

DANAS: How do you view attempts to discredit the newly established political parties from the very outset?

Jantol: This is a very complicated problem, and there are remnants intertwined in it of the mindset we have had up to now and of a limited conception of the freedom of public speech, indeed even remnants of taboos with respect to the interest of the nationality and the so-called ethnic political program. But at the same time there are those among the opposition groups which make no bones about the fact that activity to what they call defense of the Croatian national interest is their primary goal if not their only one. And since these are people who were previously found to be nationalists either in a court trial or a political assessment, their renewed political activity under present circumstances arouses suspicion. In my opinion, these are circumstances which make this problem complicated, but in this matter the best thing is to stick to principle. The key thing for me at this point is

to open up space for free public expression of ideas and opinions and to mark out that space with statutes implementing the Constitution that will unambiguously prohibit [as published, should probably read "establish"] political activity according to the conventional definitions of a democratic system, as everywhere else in the world, where political association is allowed, but that political activity is prohibited which inflames ethnic, religious, and racial hatred or aims at violent destruction of the system.

If that general limit on the freedom of political activity is established, then within those boundaries we must get used to the possibility that the interest of the nationality may be legitimately advocated. And advocacy of the interest of the nationality or indeed orientation of an entire political activity exclusively toward defense of the interest of the nationality is something that is legitimate unless it violates legal norms. Defense of the national interest is legitimate, but the thought or idea that that national interest can be realized exclusively under undemocratic conditions of political life or in some form of national totalitarianism, that is what must be a matter for political confrontation, but within the space of public communication, not repression. So, if the party has one opinion on the nationality question, someone else can have a differing opinion, and let the arguments collide publicly, and let the public decide which arguments are more correct.

DANAS: Does the possibility exist that an attempt will be made to destroy the entire opposition because of the odium the public has developed because of certain political high jinks by some of the parties?

Jantol: That is what I have feared the most since the very beginning until the talk began to turn openly on the multiparty system instead of those phrases about non-party pluralism. A majority of the newly established initiating group included the word "Croatian" in their title, and some individuals immediately attracted attention and were condemned, and assessments were often pronounced after the manner: so you see where political pluralism leads. In other words, that pluralism turns exclusively into nationalistic activity. What is more, such assessments are being reiterated even today. The terms in propositions are being substituted dangerously here, and this is a major political deception. Political pluralism is not the same thing as freedom for nationalistic activity, as is often implied. Political pluralism is simply a system in which the citizens can freely express their will, and that not merely through forms of political expression that are offered them, but also through those which the citizens choose themselves. Within that context, there may, of course, appear even so-called ethnic parties, something on the verge of nationalistic activity or something that has begun to operate in a nationalistic fashion, but this cannot be grounds for opposing the multiparty system and political pluralism. These are simply occurrences within the framework of political pluralism that exist in every society and that have to be confronted. The only question is how then to diminish

the influence of extremist groups and conduct politics on the threshold of the general interests of citizens?

DANAS: You remarked in an interview that the fundamental problem of Yugoslavia today is precisely the conflict between the Slovenian and Serbian political options. Can the entire problem of today's Yugoslavia be examined in that framework?

Jantol: It is not a question here of the quarrel between Serbia and Slovenia, but of differing conceptions of social development and most of all differing conceptions of federalism. So this is not just a question of Serbia and Slovenia alone, but a matter for all of Yugoslavia, and all its parts must express their opinion concerning those concepts. I am not at all concerned with Slobodan Milosevic (we have had enough people who want power in this country), I am interested in the concepts, and if that conception is adopted by a significant number of people or by an entire republic, then again I am not interested in the republic, but in the conception itself. There is no doubt whatsoever that the movement personified by Slobodan Milosevic and his concept of Yugoslavia is not one that corresponds to the principles of ethnic equality and democratic internal relations. In other words, Slovenia, while defending its own national rights and national equality, while defending the right to a democratic political life, to a faster road toward reform and the right to differ, is defending a principle acceptable to all the Yugoslav nationalities and to all Yugoslav citizens. I think, that is, that there is no other future for this country than democratization of political life, a new model of reproduction on the foundations of production of commodities for the market, pluralism of ownership, equality, free entrepreneurial initiative, a representative system of government, a multiparty system, and so on. But when it comes to relations among the nationalities, I think that Yugoslavia must redefine its constitutional agreement. At this point, precisely because of the conflict between differing conceptions of federalism, it is evident that different definitions are being given of the AVNOJ principle that constitutes the foundation of the Yugoslav Federation. For a sizable portion of the ideologues in Milosevic's movement, for example, AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] is a constitutional agreement that sets up a federal state on the basis of a right to self-determination all the way to secession that has been used up, consumed. And, consistent with that interpretation of the AVNOJ constitutional agreement, we have the idea being advocated of a more or less centralized federation, of a federal state which would no longer allow the right of the individual Yugoslav nationalities to reexamine their own position and the reasons why they entered the federation.

DANAS: Can the right to self-determination all the way to secession be used up forever?

Jantol: Unlike Serbia, Slovenia is following the original AVNOJ principles and is insisting that the right to self-determination has not been spent, that it remains as a permanent right, which is logical. The argument about

using up the right to self-determination is absurd. From that viewpoint, Slovenia is seeking a federation shaped so as to guarantee that no one, no majority nationality within the coalition of several Yugoslav nationalities, can restrict anyone's right to choose his own pattern of political and economic life and restrict his ethnic rights. In my judgment, the fundamental AVNOJ agreement should be interpreted this way, since this is an agreement among free peoples, an agreement based on the right to self-determination which cannot lapse and cannot be spent up. And if anyone, at this moment or at any time in the future, should overturn that fundamental constitutional agreement, then every Yugoslav nationality has the right to reassess and exercise once again the right to self-determination, that is, to define its position on whether or not to live together with the others and under what conditions. We have in fact clearly declared this in the declaration of the Zagreb Socialist Alliance when we said that if a policy like that of Slobodan Milosevic threatens the fundamental principles of the present Federation, then Croatia has the right to exercise its right to self-determination once again and to decide whether to remain in that community of Yugoslav nationalities and under what conditions, or to seek other solutions.

DANAS: Are the political decisions of Slovenia and Croatia to introduce a multiparty system actually a road toward what is called an asymmetrical federation?

Jantol: That problem of the asymmetrical federation is somehow being distorted, and a bugbear is being made out of the concept of asymmetry. But things should be examined on the basis of the real content which this term is supposed to denote. For example, it is a fact that at this point the various parts of the country are undergoing democratization at a differing pace. The western part, Croatia and Slovenia, are going faster, and the eastern part, Montenegro, Serbia, and Macedonia, somewhat slower. If in the transitional period in which the various mechanisms for constituting a permanent and stable model of economic and political life are being studied and tested, then that asymmetry, that is, that difference in the activity and shaping of political life, is legitimate. Why, say in Slovenia and Croatia, should they wait for others to become aware that it would be good to democratize the political system and create a multiparty system? That is not necessary; what is more, I think that the difference that exists is necessary, since then it is possible, taking advantage of the experience of those who have gone ahead, to test one's own needs and possibilities. I see nothing wrong with someone going faster and someone slower.

Why should all the republics have to have all the institutional mechanisms, the same bodies, and the same standards? I am thinking here of the United States as one of the most stable federations, which is the model of a contemporary federation, where the legal systems, for example, of the various federal units differ greatly, and yet that fact of difference is not contrary to the principles of federalism, nor is it dysfunctional. The same thing is possible in Yugoslavia as well.

DANAS: There are those who think that a confederation is the only solution for Yugoslavia.

Jantol: To tell the truth, at this point I do not see any solutions that would be better than one that is basically confederalist. Here is why. I feel that those differences which are now arising, and then the dangers of the threat to ethnic equality, the deepened mistrust among the Yugoslav nationalities, and because of the differences that objectively exist in the sociocultural pattern of life, that some form of confederalism would actually be a good solution for Yugoslavia. A confederalism which, like any confederalism, would first of all have a protective function: the function of protecting the individual parts of the whole against the possible threat of the remainder of that whole or of certain other units in that same whole. And if political life should become stable in our country, if a model of economic life on the principles of commodity production for the market should become permanent, should the system of constitutional democracy be consolidated, then the federal functions of that Yugoslav state could be strengthened once again. That is, create a federation with all those functions which are naturally articulated at the level of a common state. At this point, now that we have all these conflicts, these differences, this mistrust, the insistence on centralization of the functions of the state can only intensify the ethnic conflicts and mutual distrust. I do not see, then, why a bugbear is made of confederalism. Confederalism and federalism are simply forms of a complex state which are adapted to the conditions of political life within the framework of that state. Accordingly, if the conditions of Yugoslavia require somewhat more of the confederalist elements in the status of the common state, then it is reasonable to institutionalize them, since that suits the situation. In my opinion, a form of confederalism somewhere within the framework of the general principles of the 1974 Constitution is truly suitable at this moment.

DANAS: Some people say that the 1974 Constitution was a concession to the supporters of the mass movement in Croatia....

Jantol: No. By no means was that a concession to the supporters of the mass movement. The supporters of the mass movement in Croatia simply dramatized those issues and gave to them their own interpretation, which went in fact to extremes: for example, that Croatia should become a separate member of the United Nations, should have its own national army, and so on. But regardless of that, problems objectively existed in relations between the federal state and the federal units. Regardless of the fact that the mass movement did heat up and intensify disputes over this, they did nevertheless objectively exist even without it. Accordingly, the 1974 Constitution was not a response to the demands of the mass movement, but a response to the objective problems that were outstanding.

DANAS: Is there a need to revise the assessment of '71?

Jantol: That is a separate problem. I could talk for a long time on that point, since I myself took part in those events. But I will answer briefly. I think that it would be a mistake to judge all the aspects of '71 by today's criteria, from present social, political, and other positions. Simply because the times today are different than '71, and to judge '71 from today's viewpoint would not really get to the heart of the matter. And the essence of the problem is this: In '71, the emergence of the mass movement and certain elements of its activity inflamed political conflicts in the country that were objectively leading toward civil war. The forces of internal conflicts were activated by the activity of the mass movement, precisely concerning ethnic relations in Croatia. These conflicts took on proportions which truly led toward the verge of civil war. That is why it was justified to take political action to halt that conflict and to eliminate the mass movement politically. Which ideas and which problems were in that programmatic segment of the mass movement that followed the objective social and political problems in the Croatia and Yugoslavia of that time is another question. Perhaps this does deserve renewed attention, and perhaps a detailed check of that programmatic section could in fact revise certain assessments. The third problem is that of the political and other governmental actions against the protagonists of the events in the mass movement (people were taken into custody, punished, imprisoned for many years), when there really was exaggeration in use of the weapons of repression. Perhaps that aspect as well, from the standpoint of the general principles of humanism and the law-governed state, might in some of its forms be examined in a new light, and some of the assessments of individuals might be changed. But what is most essential concerning the global political importance of that movement in '71 is that conflicts being waged with terrible internal splits were truly inflamed. I was a university student at that time, and with others I opposed the assault troops from the various currents of the mass movement who openly advocated driving out the Serbs, all those who did not agree with that were called traitors to the Croatian people, the Croatian idea, and Croatian interests.... There was something, then, in that movement, in a considerable portion of the leading figures, something that gave us the greatest fear and which we resisted the most, and that was the lack of democratic spirit. In some segments of the large-scale demonstrations, one could see what has recently happened in the eastern part of the country during these rallies. Both then and now, that is, those who thought differently were prevented from speaking in those rallies, undemocratic pressures were used against people who thought differently.

DANAS: Is there a possibility of a recurrence of something similar to the '71 events in Croatia, regardless in what form?

Jantol: Perhaps this is an occasion, before I answer, for me to say something else. That is, in a large part of Yugoslavia the belief has been created and has remained

that a great majority of the Croatian people followed the ideas of the mass movement. However, that is not true! This is an appearance, since I know that at all the meetings in Zagreb, for instance, there were always the same 100 or so vociferous individuals among the participants. In the final analysis, there were those who thought differently and those whose political action was different from the very outset of the mass movement. There were various currents in the mass movement, then, opponents of the mass movement and neutrals. The '71 nationalistic movement was the political articulation of a minority, the more aggressive people took part in its actions, and by the noise they made they gave the impression that there were more of them than there actually were. Could something like that be anticipated today? Perhaps it might be anticipated. I think that still it would not be possible to obtain the support of majority for a nationalistic program in Croatia. But something like a large-scale movement of nationalists could be set in motion under specific conditions, such as continuation of the aggressive policy of Serbian nationalism, which is menacing and threatening ethnic equality. Such an aggressive policy could arouse in Croats as a reaction a higher susceptibility to the ideas of Croatian nationalism. And that is why the task of the democratic forces should be not only to prevent Croatian nationalism, but also to prevent Serbian nationalism which could cause Croatian nationalism to flare up as well. I said at one time, at the beginning of Milosevic's movement, that the battle against Croatian nationalism should at that point be waged not in Zagreb, but in Belgrade, through the political elimination of that movement which most probably, sooner or later, I assumed, would evoke a reaction of Croatian nationalism. Which for that matter is what is happening.

DANAS: Certain surveys show that among the Serbs in Croatia there is a certain aversion, perhaps even fear, of the emergence of a political alternative, that is, of establishment of a political opposition in Croatia. How do you interpret that?

Jantol: There have been not only surveys, but clear statements and testimony by certain representatives of the Serbs, who say that now the former advocates of the mass movement are emerging and alternative groups most of which are "Croatian," that all of this, then, is on the threshold of Croatian nationalism. That is why certain politicians of Serbian nationality have taken a negative stance toward political pluralism in general. But there is one other observation that should be added to this. It seems to me that in certain segments of the Serbian nationality in Croatia there is the belief that the model of political life we have had up to now, with the commanding role of the party and monopoly of the LC, provided the most reliable guarantee and protection of the Serbian nationality in Croatia against Croatian nationalism. In other words, it is noticeable that the stands taken against radical democratization, against abolishing the monopoly of the LC and creating a multiparty system with full freedom for political activity

of various groups and diverse ideas, would perhaps threaten the equality of the Serbs in Croatia. I think the fundamental answer to that is that the best defense against Croatian nationalism and also the defense against Serbian nationalism in Croatia is precisely democracy, democratic conditions for political life, and full equality: economic, political, ethnic, and cultural. That is why in the preparations to draft the new constitution, as we were defining the constitutional platform, we said that in the new constitution Croatia would be a democratic republic of all its citizens regardless of their ethnic origin and so on. And ethnic equality will be guaranteed by the constitution and legal statutes, while on the other hand conditions will be created in political life for the free ethnic expression of the Serbs in Croatia, for instance, in the field of culture. That is the reason for the decisions to revive certain defunct institutions of the Serbs in Croatia.

#### **Writers Union Dissolves After Resignation of Chairman**

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[Article by Jasmina Kuzmanovic: "There Is No Longer an Alliance"]

[Text] The end! The poet was right: The Alliance of Yugoslav Writers was extinguished not with a bang, but a whimper. That body has in fact had more dramatic moments than those last week when after several "open letters" from various directions there came the "irrevocable resignation" of Slobodan Selenic, until then the president of the Alliance of Yugoslav Writers. Nevertheless, the resigned acceptance of the resignation of this serious writer also shows that the crisis in the alliance was without any hope of a solution. Selenic's withdrawal is interpreted, this time in unison all over the country, as the only possible way out left to the president of the now phantom alliance. And regardless of what should happen to the alliance from now on, and at this point all that is left is an office and its "charge d'affaires," Adam Puslojic, one thing is certain: the Alliance of Yugoslav Writers, as we have known it up to now, no longer exists.

The Alliance of Yugoslav Writers fell apart by the logic of internal conflicts, although perhaps we should not overlook the coincidence with the big housecleaning of the achievements of socialist realism in Eastern Europe. The system of the Yugoslav federal literary body and its republic chapters was patterned after the Soviet model of organizing writers which originates from the early twenties; however, even by the law of large numbers it never reached the Soviet scale of power and privilege. The essence of the model lay in controlling the intellectual sphere and its output, which, to be sure that things "are as they should be," took place under the eye of "writer-watchdogs"—which is best indicated by the strange existence of a party organization within every writers' association. And to take the imitation of the model of the federation to the end, the Federation of Yugoslav

Writers was formed to head up the societies of writers, and it was conceived as a supranational body which once again was supposed to confirm cohesion, this time spiritual and creative, within the federation.

### Writers in the Pocket

The ups and downs of this organization were directly related to the titration of the system. There were no weekend cottages and vacation resorts for the writers, no Bulgakov's clubs for writers in which they could get filet mignon and caviar for a coupon in the midst of scarcity. Censorship developed here on a modest scale: Parnassas was small, and the number of places for vacationing at Brdo near Kranj was strictly limited. In keeping with the small shares, the risks were also relatively small. No one knows of any writer who paid with his head for poetic differences: Payment was made "only" with the banning of books, rejections by publishers, black lists, and sometimes prison.

As time passed, this domestic model lost some of its Soviet "gleam"; After the poet laureates had been satisfied, housing began to be allocated mainly to welfare cases, and the writers' clubs shut down. For quite a long time, the only decent writers' club where a foreign guest could be taken for profiterola, was the one associated with the alliance at Francuska 7, which, as a rare example of giving in to private enterprise, indicates that the state was not interested in investing in the writers. It had them in its pocket.

The loss of the external gleam did not, however, coincide with the loosening up of the monopoly over the writers' associations. Why? The state itself transformed the writers' societies into political organizations. At the same time, the benefits which certain writers enjoyed through their own associations were not those associated with the trade union, but on the scale of Maecenas, so that one could not have expected such an association to evolve into a writers' trade union overnight. Accordingly, the writers' associations could not get away from their politicized nature, nor, then, from becoming forums for unofficial ideas as the grip on them loosened. The similarity that is evident here with the Soviet model is no accident at all: In Estonia, Lithuania, and Armenia, just as in Slovenia, Serbia, or Croatia, writers' associations figure as a protopolitical corrective for questions of language, the literature of the nationality, artistic freedoms, and human rights. Having grown up together with their community, these associations traveled a road in their development that depended on the political changes of a state not governed by law: First, they would be given some freedom, then they would be cramped, or they would be punished for agreeing with the defeated line of the party in power. Viewed theoretically, the writers' associations designed to the Soviet model constitute potential hotbeds of opposition, of which the designers of that model were exceedingly aware. However, like many other things, the literary associations under socialism experienced an unforeseen transformation. Keeping pace with the shutting off of politics within

ethnic borders, some of the writers' societies have in recent years become closely bound up with local political changes. Instead of a corrective to ethnic policy, they have become its exponent.

### The History of a Symbol

It is quite understandable that the Alliance of Writers, as a supranational adhesive, could not keep up with the changes taking place within its chapters. Looking into the past of this federal symbol, it seems that its shining moment was at the Ljubljana congress of this alliance in 1952; from today's vantage point, it is clear that we owe the decree on the break with the practice of socialist realism more to external political circumstances and Krleža's personality and status than to the cultural policy of the alliance of that time.

The political and social changes in time weakened the role of commander of the guards which the Soviet model intended for the supreme writers' body, while at the same time questions about some different and more appropriate task for both the Alliance of Writers and its republic chapters emerged more and more vocally. Does this mean that the Alliance of Writers had a chance to wrest itself out of its political shell and evolve into a coordinating body that would resolve the procedural questions in cooperation among the republics and nationalities? Hardly. Because of its abstract supranationality, made up as it was of the various republic associations as collective members, the writers' alliance was unable to remain above the political perturbations and scenes between Yugoslavia's writers' societies. The attempt to play a cohesive role among eight republic and provincial vectors, which was the obligation that was its political inheritance, could end in only one way. The Alliance of Yugoslav Writers has actually not existed for several months now.

Today, we can say that the crisis of the Alliance of Writers began way back on that day when a majority in the alliance's presidium vetoed the election of the Serbian candidate Miodrag Bulatovic as president of the Alliance of Yugoslav Writers. This set a precedent in what until that time had been the peaceful, unquestioned, and unruffled practice of seating the candidates who were sent from the republics, a precedent that has been followed by increasingly fierce verbal skirmishes, accusations, severing of relations in both directions, and the paralysis of dialogue. Francuska 7, once a symbol of interestingly spent evenings, had become a Yugoslav boundary marker: in one part of the country, a symbol of ethnic renewal, in the other part a symbol of ethnic aggression. With its headquarters at Francuska 7, the Alliance of Yugoslav Writers really had no chance.

### Bastion of Bolshevism

For months now, the Alliance of Writers has been unable to get its chapter members together. It was expected that not even the annual assembly in Vrnjacka Banja, announced for 9, 10, and 11 January, would be an

exception. However, when the societies of Slovenia and Croatia were also joined by the Society of Macedonian Writers in canceling participation in the assembly, which, taken together with the advance knowledge that the Society of Kosovo Writers would not come, cut in half the members of the alliance, the Association of Serbian Writers reacted (un)expectedly by refusing to "prepare an assembly when it is already known that half of the alliance does not want to come, or, still worse, to prepare it in spite of them and reality."

Under the present bylaws of the Alliance of Writers, it takes three members to elect a new presidium. The new president of the alliance was already known—by unanimous decision of the presidium, that would be Oto Tolnai, the Novi Sad writer. The refusal of the Association of Serbian Writers to play assembly in a game in which the others had packed up their things and left could be taken as a sobering up because of the absurd situation that had come about.

But the conclusion of the statement of the Serbian writers does not offer much hope for the future of communications among the writers' associations. "The fellow countrymen of our inviolable leaders and teachers, who hold their positions for life, are so forgetful as to proclaim Serbia the last bastion of Bolshevism, and in the struggle against Bolshevik Serbia they openly take the side of Albania, that same Albania known as the fortress of Stalinism," the letter concludes from the administration of the Association of Serbian Writers to the Alliance of Yugoslav Writers.

The dissolution of the Alliance of Writers will have consequences for both the structure and method of operation of the republic associations. Although some of them are older than the alliance, they still bear the marks of the years in the mold of socialist realism. Is the alliance still indispensable to Yugoslav writers as a procedural body? Could it be reshaped? In coming months, Yugoslav writers will have to concern themselves with these questions and see whether it is possible to bring about an alliance that would satisfy all interested parties.

We should be mindful, however, that answers to the question of what kind of alliance we desire, and what kind we will have, are almost as difficult as answering the question of what kind of state we want and what kind we will have.

#### **Sarajevo Professor on Position of Moslems**

90EB0200A Zagreb DANAS in Serbo-Croatian  
9 Jan 90 pp 14-16

[Interview with Dr. Muhamed Filipovic, member of the academy and full professor in the School of Philosophy of Sarajevo University, by Mustafa Mujagic; place and date not given: "Yes, I Am a Fundamentalist"—first paragraph is DANAS introduction]

[Text] Along with the recognition for his scientific and professional work, few have been subjected to as many attacks of all kinds and varying intensity as Dr. Muhamed Filipovic, member of the academy and full professor in the School of Philosophy of Sarajevo University. In 1967, he was expelled from the League of Communists [LC] for "Muslim nationalism," although at the time the LC did not recognize the existence of Muslims, and after that he was accused of pan-Islamism, fundamentalism, nationalism, and negation of Marxism. Persistently for more than a quarter of a century some people have been portraying Filipovic as a nationalist, a Serbophobe, a falsifier, an unscientific scholar, and indeed even a notorious criminal (Agrokomerc), as though they wanted to turn him into a kind of exercise ground to test the method so widespread today of defamation through a synchronized dragnet of untruths, half-truths, fabrications, and so on.

[DANAS] Which inevitably accounts for the question of whether this controversial Filipovic is truly a fundamentalist?

Filipovic: For your question to be answered at all, one has to know why I am being accused, who is doing it, and who are all those accusing me?

This accusation covers every attempt to make any aspect of the political and cultural identity of the Muslim a topic of discussion, but especially attempts to treat the Islamic foundation of their culture as equal, say, to the Orthodox basis of Serbian culture or the Catholic basis of Croatian culture, or to treat Islamic art as a part of our general legacy. The accusation covers all thinking Muslims. The list of fundamentalists in KNJIZEVNOST covers some 70 Muslim intellectuals. I am given a special place there. As used for those petty political and chauvinistic purposes "fundamentalism" is a synonym for the ethnic and religious identity of Muslims. Every Muslim is eo ipso a fundamentalist. In that context, there is an induction of this accusation between xenophobic circles in Belgrade and Bosnian politics, which has had an interest in repeating those accusations in order to preserve its own monopoly. In need of an alibi, local politics has taken accusations produced by circles in Belgrade (Krnjevic, Vucelic, Perisic, Tadic, Tanaskovic, Sekulic, Jevtic, Lubarda, Draskovic, etc.), and the latter have picked up the echo of their own views from Bosnian politics. The function of all this has been to affirm the foundations in civilization, culture, history, and politics for the existence of Muslims as an equal nationality.

DANAS: Nevertheless, you have borne that epithet, which is not flattering in the least, for two decades now?

Filipovic: I do not know to which views of mine this attribute is being attributed. It is a general, blanket accusation. As a philosopher, for example, I am certainly a fundamentalist, as is every philosopher for that matter. As a disciple of Marx' political philosophy, I am also a fundamentalist, just as all Marxists are. However, it is



not a question of that. I am a fundamentalist because I am a Muslim. The attempt to establish some line of argument in support of that accusation comes down to the judgment that my attitude toward the processes in the so-called Islamic world signifies fundamentalism. This is anyway a topic on which the writing in our country is extremely primitive and arbitrary, the approach is obviously negative, so that it is really impossible to talk about. Fundamentalism has marginal importance in that world, and that world is involved in processes of emancipation and struggle against the remnants of colonialism. This cannot and must not be proclaimed fundamentalism. The accusation of pan-Islamism is simply ridiculous. Indeed, that idea disappeared from the historical scene all of 70 years ago, and in our country it never had any great influence even when it was at its zenith. I consider those accusations a form of political, moral, and cultural terrorism, as the last form of resistance to the fact that Muslims are becoming an equal historical and cultural factor both in our country and in the world. That attack on Bosnia-Herzegovina served the purpose of political and psychological preparation of pressure on Muslims, and it culminated in the well-known trial of the "fundamentalists" in Sarajevo. That is fortunately a thing of the past.

DANAS: In that context, how true is the thesis that Bosnia and Herzegovina have been ruled by a Croat-Muslim coalition?

Filipovic: Such assertions have no basis whatsoever, they are devoid of intelligence, but they are dripping with immorality and cynicism. Djuro Pucar ruled Bosnia-Herzegovina authoritatively from the war up until 1966. Afterward, Cvijetin Mijatovic took up the leadership of the Bosnia-Herzegovina LC. The triumvirate system of leadership was established in Bosnia-Herzegovina after Mijatovic: Mikulic, Rato Dugonjic, and Dzemail Bijedic; Nikola Stojanovic, Dizdarevic, and Branko Mikulic; Hamdija Pozderac, Mato Andric, and Milanko Renovica.... Bosnia-Herzegovina has never been ruled by a single personality, nor by a condominium of Croats and Muslims. The only top politician among the Croats has been Mikulic, while among the Muslims there have been Bijedic, Karabegovic, Pozderac, Brkic, Pasaga Mandic, Munir Mesihovic, and Dizdarevic, and among the Serbs Pucar, Mijatovic, Dugonjic, Ugljesa Danilovic, Renovica, Stojanovic, Blazo Djuricic, Gojko Ubiparip, etc.; it is sufficient to glance at their political and human destiny to conclude how cynical it is to say that the Serbs have had no influence in the politics of Bosnia-Herzegovina.

DANAS: While we are discussing those petty political fabrications, let us go back to the question of your alleged nationalism. What is the basis and origin of those accusations?

Filipovic: It would be most accurate to say that those accusations have served the policy, that in their content and origin they have expressed the essence of a rule which has been disavowed, and now its products have

also been disavowed. However, what is most truthful is not always understandable as well. Which is why more detailed clarifications are necessary. It has been known for a long time that the creation of enemies is an effective way of maintaining a monopoly of power. And our politics has found enemies both where they existed and where they did not. The scope of its authority and power was directly proportional to the number of enemies which it discovered and conquered. This production of enemies has increased as the crisis deepened, from 1964 up to the present day, and in some places it is continuing and is even becoming an industry. Most intellectuals, creators, business executives, property owners, craftsmen and tradesmen, and so on, have become actual or potential enemies. The basic view of society has become the view of the police. Institutes and scientific establishments are not the essential source of information, but rather police reports and assessments of what is called the security situation. In such a situation, the simplest and easiest way to make someone an enemy is to accuse him of nationalism. This was understandable and convincing, since everyone knows that almost every person has ethnic sentiments, so that it was easy to give any criticism of the situation a place in this political phenomenology and evaluation. Since in our country the nationality question is the alpha and omega of all historical and political issues, any political commitment could be reduced to ethnic commitment and thus could be accused of nationalism. Any opposition to the state of affairs was regularly accused of nationalism. Ethnic conflicts and slaughter were unceasingly offered as an alternative to the status quo. Even the alternativists have caught on to this scheme and have resorted to denunciation of their alternative rivals, charging them with nationalism. This is clearly shown by the history of our political conflicts over the last 20 years. I am only an extreme case of that practice, since the campaign against me has lasted almost 30 years. Belgrade is the center of those accusations, and if I omit several misunderstandings and mistaken associations (PRAXIS and Agrokomerc), when accusations against me were made even in Zagreb, I can record more than 150 attacks on me in the Belgrade press since 1966. Their culmination was the accusation of Muslim nationalism and Islamic fundamentalism, although they are mutually exclusive. Actually, I am being used to lodge a charge against the importance in civilization and culture of Islam as a world religion, which is a solid part of human culture. To say that the Muslims have been invented, that they are a creation of the anti-Serb policy of the Communists, that they are Serbs who have betrayed the faith of their fathers, is to take a genocidal attitude toward them, to justify today the need for their reintegration into the religious and political context of the primary ethnos.

This is a return to the 16th, 17th, and 18th centuries. It is still worse and culturally more scandalous to speak about Islam as an aggressive, anticultural, and anti-European religion and of its adherents as a danger to Europe, and this is being done even by certain important cultural figures. One can look for the reason for this in



the absence of the natural polarization of thought and in the persistence of an undemocratic monopoly rule, as well as in the high degree of frustration related to the problem of Kosovo, for which no speedy solution is seen from the perspective of current politics. Kosovo has become the viewfinder through which all relations in Yugoslavia are examined, and the absence of a rational solution acceptable to everyone and the undemocratic methods in practice are leading to a search for irrational, emotional, and mythical solutions, are leading toward a fixation of some mythical, metaphysical enemy. That enemy is Islam, and so for that mindset the fight against Islam and Muslims is seen as a fundamental aspect of the fight for the interests of the nationality. This is a tragic state of mind.

Of the nationalities which made up AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] Yugoslavia, the Muslims have been given the least affirmation. They do not have a national state, nor national institutions, they have been contested both officially and unofficially, although they are the third largest nationality in the country. Opposition to their affirmation takes the form of an attack on all those who favor their affirmation. The only exceptions are the declared apostates in other nationalities and those who call themselves Yugoslavs. This is the secret of the persistence of the attacks on Muhamed Filipovic.

DANAS: You think, then, that the cases of contesting the Muslims, which come most frequently from what is called Serbian political space, are related to the problems that Serbia faces today?

Filipovic: That connection is easy to see. The problems of Serbia and the Serbs are truly large ones, and we should all see that. They are the most numerous nationality and live almost over the entire territory of Yugoslavia. They interrupted the process of national-political and national-state integration when they entered Yugoslavia. Within Serbia, they have sizable minorities that have a special position that has been built and consolidated through history and politics. In the general crisis, these factors have taken on particular importance. They have taken on the most devastating expression in Kosovo. The response to the complexity of the problem that has been offered the Serbs is unfortunately one that is essentially mythological and metaphysical, not a real historical response. Victors in warfare and losers in peacetime, having become an object of the general enmity of the others, the Serbs have been looking for the causes of their problems in the existence of permanent overt and covert enemies of Serbism (the Comintern, the Vatican, the Croats, the Slovenes, the Muslims, the Albanians, Islam, etc.); all of this is a part of a metaphysics which is not the basis for seeking a solution.

These theses can bring about homogenization, but it will set the nationality in opposition to all others and thus cause harm to everyone. In politics, those theses can be reduced to what is called the Moljevic plan, which has

already been defeated once, and this was done by Serbian revolutionary and democratic forces, not just communist forces.

DANAS: In that context, how do you look upon relations between the Serbs and Muslims in Bosnia-Herzegovina?

Filipovic: Grosso modo they are good. That is what they have been for more than 100 years. Since the fight against Austro-Hungary, they have followed an upward line, with fluctuations, the latter caused mainly by external influences. However, we cannot view those relations separate from the entire context. The situation in Bosnia is burdened by strategic mistakes that took drastic form in our case. The termination of the original pluralism of the Popular Front and the emergence of the monopoly of power by the CPY were the first mistake. The second was the Stalinist concept of development, based on the primacy of heavy industry and mining. Today, this is a conservative industry, it requires immense reinvestment, it is inefficient, it has no future, and it has an immense labor force. The third mistake is the attitude toward the nationalities. The Croats up until 1966 and the Muslims up until 1969 were second-class citizens. The influx of the unproductive and conservative peasantry into the cities is yet another burden. When one takes into account the aggressive offensive of the conservatives, which culminated in the 10th Congress of the Bosnia-Herzegovina LC, with the thesis about how the Serbs are threatened, then it can be said that relations are surprisingly good. This is a consequence of democratization. Never has a broader and more diverse campaign been conducted for any congress. Everyone spoke freely, from Karabegovic all the way to Grebo. There were also significant interventions from outside. The congress, however, stayed clear of all the extremes, selected a team of new people and supported the option of the independence of Bosnia-Herzegovina and a truly federal Yugoslavia. This restored confidence and created the conditions for a truly new policy. Now everything is up to those new people. If they respect pluralism, democratic spirit, and modernization, and if they collaborate honestly with other ideas and participants in politics, then we will have a future.

That leadership, which has legitimacy, faces the job of repairing the consequences of the previous leadership teams. It is a question of having to evaluate many views, assessments, and especially condemnations of people and ideas. Their determination and ability will particularly be put to the test in examining, evaluating, and condemning the decisive, negative, and dangerous role of the police, under the administration of Dusko Zgonjanin, in political relations and human destinies. I also include here that notorious Bolshevik description of members of the State Presidency which Zgonjanin uttered in the assembly and which is the lowest point our politics has ever reached.

DANAS: How do you see the present tumultuous situation and developments in the country?

Filipovic: Today, it seems to me that we can be moderately optimistic with regard to the future. The processes of democratization have begun in a strong way. They have gone furthest in Slovenia and Croatia, but they are making progress in other parts as well. This democratic spirit does not see the people as an amorphous mass, but as a community articulated through interests and political options, a community that respects the established rules of the political game. And then there is an intelligent, simple, well-tuned, and realistic program for economic and financial stabilization. That program is adopting the world measure of the value of labor and output, its evaluation on the market, elimination of noneconomic entities, financial discipline, and confrontation of everyone with the truth of their real position. It binds up our destiny with the most progressive world of technology, conservation, and human rights. Administration of that program will have to eliminate all cases of voluntarism and collusion, it will make everyone face the real rather than invented problems and seek real rather than ideological solutions. The arguments about exploitation and the desire to achieve gains through ownership of the state, as an essential factor of the economy, will fall away, and conditions will thus be created for normal relations among us. We have to face a conservative, technologically surpassed and ecologically dangerous industry, and a conservative labor force that lacks discipline and work habits. It is better for everyone if we face this at once. We have to solve the problems of social welfare that accompany such events with productive programs and by caring for people, not by using them as a defense for conservative views, i.e., to halt development, technology, conservation, and society's productive forces.

DANAS: Could even the development in Serbia evoke optimism?

Filipovic: Serbia no longer has constitutional problems. It has the same problems as the others, and it can accept the methods of solving them that are being shaped in Yugoslavia. Serbia has problems of migration, just as the others do. Underdevelopment is likewise a problem of almost everyone. The problem of the agricultural sector is the common dowry which communism brings to European civilization. Democratization is the key to these problems. I do not regard the broad mobilization of the masses as something that lacks a democratic dimension. It is just that those masses must direct their energy toward solving problems that are real in nature, i.e., the structure of the economy and political relations in the country. That kind of creative democratic mobilization cannot be achieved without guaranteeing equal rights to all, without freedom, or if there are restrictions of an ideological, political, ethnic, or legal nature on participation, on association, and on influencing the course of things. I am encouraged by the fact that a movement inspired by the freedoms of individuals and the freedom to associate, including for the purpose of political advocacy, is quite broad in Serbia and is opening up hope and channels for communication,

exchange of ideas, and cooperation on premises held in common. This is in keeping with the political traditions of the Serbs. The ploy of anti-Serbism is worn-out. The biggest anti-Serbs are those who are holding back democratic pluralism in Serbia.

DANAS: Still, let us go back to the Muslims and the issues that have been arising recently. Their present status, that is, Bosnianism, and so on.

Filipovic: The condition and position of Muslims can be called favorable. Burdens related to earlier nationalistic views of them as an ethnically unformed mass of the Serbian or Croatian ethnos belonging to the Muslim faith have been thrown off once and for all. The Muslims are not seeking any kind of revenge for having been negated such a long time, nor are they dramatizing the problems of fellow members of their nationality in other regions. They are seeking solutions in the democratic development of Yugoslavia. They have developed an immense creative potential, and they have become one of the essential factors in the total culture. We would nevertheless make a mistake if we did not also see certain problems that they face. They have been left without an original ethnic name of their own by which they have lived in history and been called by everyone. The reason for that is the specific nature of their road toward political emancipation and also the problem of relations with others who are also Bosnians, but who have identified themselves as ethnic Serbs or Croats.

Because of the fact that the struggle for political, ethnic, and cultural emancipation, then, has been waged in the form of a struggle for autonomy in religious education, the Muslim Bosnians have been given an ethnic name which is identical with their religious name. They did not thereby cease to be Bosnians, it is just that that remained their ethnic name, denoting the soil, the tradition of the state, and the framework of their evolution, but as a nationality their name became Muslims. This causes misunderstanding and confuses the secular and religious factors of identity within the context of the national identity. The Muslims do not have their own national state, but share it with Serbs and Croats, whose nationalities do have national states. And then they do not have separate ethnic institutions. Many people feel that this is a handicap for development and for preservation of their ethnic culture. There are also well-founded objections that some of these institutions do not pay attention and that some even hinder the exploration and affirmation of the culture and tradition of Muslims. The objections pertain to numerous obstructions in the areas of history, the history of literature and of culture as a whole. The objections also pertain to the lack of concern of those institutions for the rights, position, and tradition of the Muslims who live in our other regions. The Muslim public has been following with concern the issue being made of the position of Muslims in Sandzak which are believed to have been pushed to the margin and menaced in terms of culture and language and as a community. There is hope that the present offensive anti-Islamic and anti-Muslim spirit will exhaust itself in those regions and

will be superseded by openness and cooperation because it is uncivilized, politically out of place, and unjustified in terms of civilization. Democratic processes must bring about conditions so that those Muslims themselves can speak freely about their own position, without fear of accusations of anti-Serbism, fundamentalism, nationalism, and so on.

DANAS: You also speak of the need for the Bosnia-Herzegovina LC Central Committee to adopt a decision of some kind to revoke the criticism and excommunication pronounced against intellectuals and politicians. Something along the lines of the decision of the Congress of the Slovenian LC?

Filipovic: I am thinking precisely of something like that. This is one of the most serious tasks for this newly elected central committee. It is also decisive for restoration of moral confidence. The political monopoly has produced an immense number of cases, from intellectuals to politicians.

DANAS: You certainly are referring here to the Cimic case as well.

Filipovic: Not necessarily, but that is well. As for the intellectual environment in Bosnia, it held out a hand to Cimic in that it restricted his case to the political dimension. That seems not to have been enough for Cimic, and here I think he made a great mistake. He bound up his academic, moral, and human integrity with proving that his colleagues and other people in the school, and that includes a dozen of the most prestigious

scientists, are moral, intellectual, and political good-for-nothings, but he is thereby underestimating the Bosnian public and thus closing the door behind him in a manner that is not customary in culture. Reconciliation of his case is not possible on that basis. A great concession was made to Cimic when this case, which is essentially academic and ethical, was reduced to its political dimension. If he does not realize this and insists on renewal of the entire content of that case, then he is bent on committing intellectual and moral suicide.

DANAS: You have spoken on several occasions about pluralism. What do you actually mean by it?

Filipovic: Political pluralism for me means abandoning the political monopoly as the legality of a political philosophy and of a political option, of one program; the right to create political organizations in order to seek support for a program in elections; the right to create alliances, coalitions, and the like on behalf of more effective political activity; the right of the individual to be his own representative and to associate with others. This pluralism has its foundation in the principle of freedom as a way of life, which implies a freedom of ownership, and on the inalienable constitutional freedom of the individual to express himself, to assert his own interest, and to associate in order to advance it, providing it does no harm to other people. The question of political parties is essential here, but that is a question of articulating programs. The old programs of the bourgeois parties are anachronistic. I still have not read the new ones, that is, I have not found anything essentially new in them. A long road and a great deal of work still lie ahead of us in assimilating authentic democracy that is responsible and effective.

## GERMAN DEMOCRATIC REPUBLIC

## Graetz Interviewed on Future of Armed Forces

90EG0201A Bonn DIE WELT in German  
15 Feb 90 p 5

[Interview with Lieutenant General Manfred Graetz, chief of the NVA Main Staff, by Ruediger Moniac; place and date not given: "Images of the Enemy Are Barred From Barracks"]

[Text] [DIE WELT] General Graetz, what will happen to the People's Army [NVA] in case of German unification?

[Graetz] I believe that the NVA is linked to its state, the GDR, and that we cannot discuss the future of the NVA without also discussing developments in the GDR and its emerging union with the FRG.

[DIE WELT] If a unified Germany is created, will the Bundeswehr remain in the western and the NVA in the eastern sector?

[Graetz] After having lived apart for 40 years during which time our two Armies fulfilled their missions without any significant contact with one another, the military is now facing a great responsibility in both states. A union of the two German states cannot be equated with a union of the two existing armies. I find this very difficult to imagine, since in the case of such a merger one must not only consider military policy questions, but also military technology and ethical-moral questions, which are simply indispensable for an army that takes itself seriously. I cannot imagine that a merger of the NVA with the current Bundeswehr could proceed without problems or that today's superiors in the NVA could become the superiors of Bundeswehr troops and vice versa.

[DIE WELT] How then could one proceed?

[Graetz] I view the approach of the two armies toward one another as occurring in parallel to the movement of the two German states toward one another. I personally feel that in a confederate arrangement of the type suggested by our Prime Minister Modrow the continued existence of the NVA has as much justification as, undoubtedly, the continued existence of the Bundeswehr. Until there is a federation or a unification of the two German states, I see no problem with the continued existence of the two German armies on the territory of their—still sovereign—states. Afterwards the military relations in a united Germany would indeed have to be redefined. I cannot imagine that NATO's sphere of influence should extend as far as the Oder-Neisse Line. I also cannot imagine that NATO would maintain its current sphere of influence at the now existing GDR/FRG border and that the GDR would then become a military no man's land.

[DIE WELT] The people in the GDR are demonstrating every day that they no longer want socialism. What does the NVA stand for?

[Graetz] In the course of the revolutionary changes which have taken place in the GDR and in which the NVA has actively participated by way of a military reform, the character of the Army has naturally also changed. We have to fulfill our constitutional mandate which is unequivocally defined as the protection of the GDR against outside threats. This mission is being carried out without any party-political or ideological strings; it is a mission which owes allegiance to the Constitution and the people of the GDR.

[DIE WELT] Many officers were members of the SED [Socialist Unity Party of Germany] and still belong to the PDS [Party of Democratic Socialism]. What are these people who now belong to a party which, after 18 March, will probably be an opposition party?

[Graetz] For us in the military this means that our primary loyalty must be to our State and to our Army. Prime Minister Modrow, whom I respect and who is also a member of the PDS, in my opinion has recently expressed this thought very convincingly. At this time, he said, my loyalty is not primarily to my party but to the State of the GDR. I also see the relationships of former SED and current PDS members in the National People's Army in this way.

[DIE WELT] Are you a member of the PDS?

[Graetz] Yes.

[DIE WELT] And will you remain a member?

[Graetz] I see no reason why I should turn my back on the PDS. I feel that I owe allegiance to the NVA.

[DIE WELT] Who, if not as heretofore a party, will set the future course for the NVA?

[Graetz] The People's Chamber and the administration, the government.

[DIE WELT] And do the officers accept this?

[Graetz] Of course, I see no reason not to accept it. If we are dedicated to our State, its Constitution, and our National People's Army, then there is no basis for not accepting such an arrangement.

[DIE WELT] Some NVA members have also demonstrated in front of barracks. They want to have a better life and be allowed to participate in decisionmaking. Does the NVA leadership take this seriously?

[Graetz] I think that the Army leadership has proven repeatedly in past weeks and months that it does. Naturally, we do not welcome the idea that soldiers refuse obedience or go on strike, to express it mildly. But we know, of course, that in the current revolutionary process of transforming the GDR into a democracy, life in the NVA must also become democratic. To that extent

we take the justified demands of our professional cadre, our draftees and our long-term servicemen into consideration.

[DIE WELT] What reforms are planned?

[Graetz] As a first consequence of the military reform we have, for instance, a draft for a fundamentally revised Army Regulations Manual—the manual which controls the life of a soldier in the NVA. We have drafts for a new military service law and a new military conscription law. We already have a decree of the Council of Ministers for the civilian service. We have an elected union of professional soldiers primarily to represent our professional cadre. We have spokesmen and soldiers' councils in the units, who feel that they are primarily representing draftees and long-term soldiers.

[DIE WELT] In the past the NVA created an image of the enemy and preached hatred, especially of the Bundeswehr. How is it today?

[Graetz] I have already said during the Vienna seminar that the NVA rejects both ideological images of the enemy and indoctrination with hate. Here I am in complete agreement with Admiral Wellershoff, with whom we have just reached a rather clear understanding in this respect. In my opinion, he has expressed it very aptly in our joint press conference: "Nobody will succeed in inciting us against one another." We make no territorial or any other kind of demand on our neighbors, we want to live in peace with them. Images of enemies are barred in the NVA.

## CZECHOSLOVAKIA

### Legislative Changes on Crime, Private Ownership Discussed

90EC0336B Prague HOSPODARSKE NOVINY  
in Czech 26 Jan 90 p 4

[Article by Jiri Teryngel, doctor of jurisprudence, Office of the Prosecutor General of Czechoslovakia: "Legal Provisions for the Economy—New Additions Require Legislative Change"]

[Text] Discussion of the prepared criminal regulations amendment in the Federal Assembly was halted because it was necessary to accelerate the finalization of the regulations regarding the program proclamation of the government of national understanding. The target dates are extremely short—the reworked text is to be distributed to central organs for comment by the end of January 1990—and the target date for processing the comments is also not very far in the future. The Office of the Prosecutor General of Czechoslovakia, which is the sponsor of the amendment of the law, wishes to use HOSPODARSKE NOVINY to familiarize the general public with those sections of the amended law which are intended to impact the economic area. Without wishing to prevent a general discussion, the Office of the Prosecutor General of Czechoslovakia requests that suggestions, proposals, and comments pertaining to these intentions be addressed directly to it in view of the tight deadlines. However, during the present stage of legislative work, it will be possible to take into account only those comments and suggestions which arrive by 15 February 1990 at the latest. Nevertheless, it can be anticipated that once the new Constitution has been adopted it will be essential to work out a completely new concept of criminal legislation which will provide much more room for a discussion of criminal jurisprudence protection for the economy.

The fundamental point of departure for the change, as well as for the subsequent application of criminal regulations in the economy, is the concept of creating an open economy. It must be borne in mind, in this connection, that the criminal law occupies a special status within the framework of the legal code.

If we perceive legality to be not only a merger of the people's conduct and the legal code, but rather a modern and cultivated method for directing society, then individual legal regulations form a certain desirable model of popular conduct which differs to a certain extent from actual conduct. This model cannot "overtake" the actual conduct too much, cannot distance itself too far from social reality, lest it cease to be functional.

It was characteristic of the administrative-directive method of managing the economy, which has been in effect thus far, that regulations pertaining to the activity of economic entities were responsible for substantially

modifying the immediate method of conduct; that is why there were so many of them and why they increased in number continuously.

In contrast to the other branches of the law, criminal law models the conduct of people in a negative manner; it determines how people must not conduct themselves under the direct threat of immediate compulsion.

As far as the actual essence of particularly criminal acts against economic discipline was concerned, this negative image of conduct was generally only reciprocal in nature, a mirror image of positive conduct, we were dealing with blanket standards applied against violations of directive regulations. Consequently, economic managers frequently got the impression that it was the criminal law which tended to stifle their initiative.

Although this appeared to be a logical perception, it was in error. Initiative was being stifled by regulations governing management and it was only when they were violated (and, at that, this occurred more or less at random) was criminal responsibility assigned. In other words, in this case, the criminal law acted as a sort of question in the labyrinth of economic regulations, but never defined the direction nor the breadth of its passages.

The criminal law must continue to play the role of a boundary which outlines the room, even in the economic sphere, in which one plays within the framework of certain rules. However, this room must no longer be a labyrinth, but a clear playing field where the conduct of economic entities will be regulated with the assistance of directing their interests. The rules of soccer also do not define exactly where a player must run and to whom he must pass the ball in order to score a goal. A similar situation should obtain with respect to economic rules.

### There Are Several Variations

Certain difficulties arise in defining criminal acts which modify the violation of economic discipline in the future. If, for purposes of the conduct of economic entities, it is desirable for a variety of different conducts to exist in order to achieve the economic goal (which is the production and sale of useful merchandise at an appropriate profit), including variations of conduct between which the entity will choose on the basis of its own considerations, then criminal law must define unacceptable variations of conduct as precisely as possible because a precise definition of the actual essence of criminal acts is a fundamental condition for legal certitudes. The most radical solutions are represented by proposals calling for the state to renounce the use of criminal sanctions as a means of regulating the conduct of economic entities altogether.

I believe that it is not possible to accede to such proposals. Virtually all modern states use some method to regulate the economy, not only through economic stimuli, but also with the assistance of extraeconomic

coercion, particularly where the protection of the treasury is involved, but also with respect to other interests of society.

Now, when the methods of managing a new type of open economy are still in their infancy and it is far from clear what type of economic relationships will be formed and what type of conduct will be economically damaging to society's interests, thus necessitating criminal sanctions, it is necessary to embark upon a certain compromise in the criminal area.

It will be necessary to utilize existing provisions which protect the economic system and discipline, and to adapt them to new conditions so as to make it possible their use against any entities, not just, as has been the case until now, against socialist entities. In so doing, their general form will be preserved so that it might later be possible to use it to compel the existence of particularly anti-inflationary and antimonopoly provisions which will be adopted in the framework of the process of rendering the economy healthy. Basically, however, what is involved here is seeing to it that all economic entities (or their responsible employees) have level conditions from the standpoint of possible criminal responsibility. How is this to be achieved?

#### What Is Necessary

1. In the area of property rights, the same fundamental form of protection should be afforded to all forms of ownership.

In practice, this means that the entire third section of Chapter II of the criminal law, beginning with the criminal act of pilfering socialist property according to Section 132 and ending with the common provisions of Section 139 on the protection of property subsidized from state resources, must be rescinded.

In essence, some one of the provisions of Chapter IX on criminal actions against property corresponds to all criminal acts mentioned here because the amendment anticipates that, with respect to the criminal acts of theft, fraud, and embezzlement, special qualifying circumstances under the heading of "causing damage of great extent" will be introduced and will be punishable by imprisonment for 5 to 12 years.

The provisions of Section 137 covering damage to socialist property based on negligence will be eliminated without replacement since, in practice, they were applied primarily against perpetrators of traffic accidents which resulted in damage to property owned by a socialist organization. The effectivity of criminal sanctions in the given case was a problem and, in practical terms, the insurance company took care of restitution for the damage.

The principal argument for the differentiated extent of criminal protection for socialist and for other property was the fact that socialist ownership forms the backbone of the production method and, on the other hand, it is

most frequently the object of attack. Although both of these positions are in agreement, it is clear that the goal to have everyone handle communal property as though it were his own cannot be achieved by criminal prosecution, particularly in view of the fact that the existing method of management intensified the alienation of workers (in the economic sense) from the means of production. On the other hand, a counterargument is that now the property of others will be just that, the property of others, whether it is owned by a wealthy firm, by the state, or by individuals. At the political level, then, it is important that the protection of the property of our firms or of foreign firms be absolutely equal.

Two remarks pertain to this question: With respect to property offenses, the principle of officiality will be breached (the obligation to prosecute all criminal actions which have come to light) in such a manner that, as long as the perpetrator is a person close to the victim, it will be possible to prosecute him only with the approval of the victim.

At the same time, it is essential to judge whether, in the case of property crimes, the interests of the state in prosecuting the perpetrator are greater than the interest of the victim for damage restitution and whether the prosecution of property crimes should not be suspended altogether, with the approval of the victim, provided that the perpetrator remedies the harmful effects of his action or at least makes restitution for the damage.

Another question which must be judged in a discussion is the question of qualifying characteristics of property crimes. In a misdemeanor against property, it is anticipated that a misdemeanor will be an action as a result of which the property damage will not exceed Kcs 3,000—in other words, a firm limit is set.

The criminal law, however, continues to use the following concepts: major damage, major extent, considerable damage, considerable extent, and damage of great extent. These concepts were defined by the judiciary as early as the 1950's and it took virtually 30 years for the Supreme Court of Czechoslovakia to decide to redefine these concepts under the concentrated pressure brought to bear by the Office of the Prosecutor, by the legal profession, and by actual economic realities. "Major damage" is thus today considered to be damage worth Kcs 10,000, "considerable extent" is defined as damage of Kcs 50,000, and "great extent" is defined as damage being worth Kcs 250,000.

There are those who feel that the appropriate sums should be listed directly in the law, since this would increase legal certitudes and, in the final analysis, the law can be adapted with relative ease to possible changes in price levels, which is easier than being defined by the judiciary. Of course, too-frequent changes in the law are also undesirable from the standpoint of legal certitudes.

However, inflationary developments which already exist and which are anticipated would require such changes (be they changes in the law or changes made by the

judiciary). Consequently, it is necessary to consider whether or not the criminal law should already contain some general interpretative rules which would assign a multiple of some kind of fundamental figure which would be flexibly adapted to economic developments to the generally defined terms of major damage, considerable damage, etc. In my opinion, such a suitable foundation could be the government-specified minimum monthly salary. Whether we are dealing with Kcs 1,100 today, the misdemeanor could cost, say, triple that amount, major damage could be worth 10 times that amount, considerable damage 50 times, and damage of great extent 250 times this base figure.

The use of the average monthly earnings achieved in the national economy as a base appears to be less suitable. While this would be a more sensitive indicator and one that is constantly variable in practical terms, it is not anchored in the legal code, as opposed to the minimum wage.

### **To Be Enterprising, but With Honesty**

2. In the area of protection for the economic system, it is necessary to stress those features of factual essences which are aimed at suppressing essentially bad competing factors. This means that in a case where items of an economic nature have been taken, sanctions should be imposed to prevent the use of these items for artificially increasing or decreasing prices. With respect to criminal acts involving speculation and unpermitted enterprise, the current judiciary has already stated that the listed provisions serve primarily to prosecute unfair competition, tax evasion, and the redistribution of financial means which are uncontrollable by the state and, thus, for the protection of all entities engaged in commercial and production activities. This character is to be stressed even further by inserting the word "unauthorized" even with regard to acts of speculation (anyone who acquires or maintains use objects in a greater volume, in an unauthorized manner...), while for purposes of a criminal act involving an unpermitted enterprise, the word "private" will be struck and the prosecution will involve a kind of unauthorized enterprise (in other words, one in which appropriate registration, approval, concession, etc., is lacking).

The misuse of socialist enterprise, in accordance with Section 120, should continue to involve the misuse of employment to damage or disadvantage the employer; however, there is a question whether under the new conditions, the incursion of the state into such relationships is necessary at all and whether the loss of employment and restitution of the loss caused as a logical consequence of the uncovering of such activity should suffice? The operators of private restaurants and private hotels (where the sale of brought-in beverages, plus surcharge, could occur much like it has occurred until now in socialist restaurants) would appear to be able to deal rapidly with this hitherto widespread form of criminal activity. It is possible to even consider an alternative

to the permission given by the victim for criminal prosecution provided there is recompense for damage.

As far as the criminal act of damaging a consumer is concerned, it will be suitable to add some forms of crimes currently described in the provisions of Section 128 on the delivery of products and services of particularly bad quality to the existing forms of crimes (price gouging, cheating on the quality, quantity, or weight of merchandise). The impact of low-quality or overpriced deliveries of merchandise to the commercial network upon the consumer is considerable and, hitherto, criminal law protection in this area has not been available.

Insofar as the criminal act of violating regulations governing the circulation of goods in foreign trade, defined in Section 124, the concealment of goods from customs officials, valued at Kcs 80,000, or the curtailment of customs duties by around Kcs 20,000 will be construed as a special customs infraction.

3. With respect to criminal acts against economic discipline, it will be necessary to formulate their facts in such a way as to make the responsible economic manager be an employee of even a nonsocialist organization. In so doing, however, it is necessary to weigh whether the responsible economic manager will even be the individual producer or a participant or associate of a small production firm or a commercial firm, etc.

This is important, particularly from the standpoint of the criminal act of violating the management, planning, and control of the national economy. The majority of countries prosecute forgery or lack of recordkeeping which facilitates the financial control of enterprise management, particularly from the standpoint of the possibility of tax evasion. Criminal protection will also be afforded to data deposited in computers and to the technical and program software of a computer.

However, there is a question whether a distortion in accounting involving an individual manufacturer or a small firm can lead to such serious consequences that it would be necessary to independently prosecute them and the question as to whether, in such cases, it would not be sufficient to fix responsibility for tax evasion or possible attempted tax evasion?

### **Retain Only What Is Useful**

In view of the new circumstances, it appears that it will be possible to eliminate prosecution for negligent violation of management, planning, and control in the national economy according to Section 126.

Insofar as the criminal act of violating the duty in handling financial and material means, as defined in Section 127, Paragraph 1, the limitations applicable to the responsible entity are the same as have already been mentioned above. Here, an unauthorized advantage can be particularly defined as obtaining credit under false pretenses, the unauthorized reduction of taxes, etc. It



will clearly be suitable to set appropriate criminal sanctions for these actions, aimed at the advantage of larger economic entities and at the criminal act of reducing taxes.

According to Section 127, Paragraph 2, the provision of unauthorized or inappropriate advantages for work done in behalf of an organization with the intention of assuring the fulfillment of its plan targets, was defined as a criminal act. There is the question whether actions of this form should be prosecuted at all or whether the circumvention of wage rules or wage regulations should be prosecuted as one of the manifestations of unfair competition—for example, as an effort to entice employees away, etc.?

A higher degree of punitiveness, that is to say, the conditions of the existing provisions of Section 127, Paragraph 3, must be tied only to lowering the revenue of the state to a significant extent.

Deliveries of products and services of particularly bad quality have already been mentioned in conjunction with damage caused to consumers.

Violations of duties in the operation of a socialist organization will continue to be prosecuted as a violation of duties involved in the economic operation, and as far as harmful consequences are concerned, these will be treated as deliberate forms of action resulting in the cause of major damage to the property of others; negligent forms of action are defined in Section 130 covering the doing of considerable damage to the property of others.

Nothing substantial need be changed in segments 4 and 5 of Chapter II of the criminal law; minor adjustments are being made in conjunction with international contracts with respect to criminal acts defined in Section 150, Section 151, and Section 152.

4. The considerable publicity given to factual essences involved in economic criminal actions is important to the formation of the appropriate risk as the cause of criminal responsibility. However, it is formulated as a general reason, impacting not so much on the area of economic activity, but also on the area of medical and scientific research; it will surely have practical significance even in judging sports accidents and injuries or deaths in sports activities, etc.

The proposed formulation reads as follows: "An act which is otherwise punishable, which someone engages in for the purpose of achieving a socially beneficial goal, is not a criminal act provided it occurred within the framework of the appropriate risk and provided all essential measures were taken to prevent or to reduce the occurrence of any harmful consequences. The appropriateness of the risk depends on the mutual relationship between the intended beneficial effect and any possible harmful consequences, as well as on their likelihood. A matter of appropriate risk is not involved if the socially

beneficial goal could, under the given circumstances, be achieved with a lower degree of risk than without any risk."

The indicated changes should make it possible, on the basis of the incoming comments, for the existing criminal law to continue fulfilling its role as an instrument serving to protect the newly forming economic relationships for a certain transitional period before the ensuing period will show what specific type of economy will evolve in Czechoslovakia and what methods will be needed to formulate its protection under the criminal law.

### New Enterprise Ownership Laws Proposed

90EC0336A Prague HOSPODARSKE NOVINY  
in Czech 7 Feb 90 p 4

[Article by Zdenek Mrkva: "Preparation of New Laws—What the Experts Are Proposing"]

[Text] I have before me the proposals for three new laws which are eagerly awaited by the economic public: the law on state enterprises, the law on stock corporations, and the law on individual entrepreneurship by physical persons. They have been worked out by a group of experts who concluded their intensive work on 1 February. It is likely that after the laws are discussed in the Economic Council, within the government, in parliamentary committees, and at meetings of the parliamentary chambers, the final texts of the laws will differ from that which is currently being proposed by the experts. These changes could also be substantial. Nevertheless, knowing what the proposals contain, knowing what is being counted on in preparing the laws, does have its significance.

### The Law on the State Enterprise

The proposed new law on the state enterprise lacks all proclamations, exhortations, and appeals such as we know them from the current law, adopted in 1988. The proposed new law is thus much clearer, much more intelligible, and shorter by virtually one-half.

Now as before, the founder of a state enterprise may only be the central organ of state administration or a national committee. A new term used in the proposed law is the term "basic assets", which is understood to mean the net value of the property entrusted to the state enterprise at the time of its establishment. The proposed new law essentially leaves the principles of self-financing of a state enterprise intact (Section 8 of the existing law); naturally, the paragraph mentioning the state plan is missing. The existing system of obligatory funds is preserved (the developmental fund, the reserve fund, the Cultural and Social Services Fund, and the wage fund).

As has been the case thus far, the internal organization of the enterprise will be exclusively the province of that enterprise. If it so desires, the state enterprise may record its internal organizational units in the enterprise register

as separate enterprises (the manager of the separate enterprise can then execute all legal tasks pertaining to his enterprise in the name of the enterprise). The paragraph dealing with the foreign economic activity of the enterprise is concise in the proposed new law: "The enterprise is entitled to conduct foreign economic activity; this entitlement may be limited only in cases and under conditions established by law."

The currently valid law only recognizes one type of state enterprise; the proposed new law recognizes three types. This is undoubtedly an important change.

The first type of state enterprise in the proposed new law is referred to as an enterprise with management participation by the founder. The organs of this type of state enterprise are the enterprise council, and the board of directors or the director. One-half of the members of the enterprise council (their number is established by the founder in proportion to the size of the enterprise) is appointed by the founder; one-half of the membership is elected (and recalled) by the worker collective in secret elections held in accordance with the election code which is subject to the approval of the worker collective itself. The enterprise council has a term of office of 5 years.

The enterprise council determines the number of members of the board of directors. It may decide that a director will carry out the functions of the board of directors. The enterprise council elects members of the board of directors or a director for a term of five years through secret ballot. It may also recall these officials. Furthermore, the enterprise council approves the annual balance sheet and the method for distributing usable profits, oversees the management of the enterprise, and approves its own rules of procedure as well as those for the board of directors.

The activities of a state enterprise are managed by its board of directors, which is a statutory organ of the enterprise. The board of directors makes independent decisions regarding all matters which are not the exclusive province of the enterprise council.

It is the right or rather the duty of the founder of such a type of state enterprise to decide upon the amalgamation, the combining, the division, or the disestablishment of the enterprise. This can occur:

1. on the basis of the program of structural changes in the national economy (that is to say, based on the development or disestablishment of a given branch or sector), approved by the appropriate government; or
2. upon the proposal of the enterprise which is the subject of the amalgamation, combination, division, or disestablishment.

If, through its management, the enterprise endangers or illegally reduces its basic assets, if it is not capable of fulfilling its tax and payments obligations, if it cannot create the obligatory enterprise funds at the stipulated level, or if it shows an economic loss for a period longer

than 1 year, the founder can impose a direct administration upon the enterprise (for a maximum of three years). If the direct administration does not succeed in eliminating the causes for which it was established, the founder may disestablish the state enterprise. The founder can also impose a product suppression program upon the enterprise (in conjunction with government-approved programs of structural changes).

A second type of state enterprise mentioned in the proposal of the new law is an enterprise for the satisfaction of public beneficial interests. State enterprises of this type may only be established in areas or in instances determined by the appropriate government. The founder is entitled to designate the obligatory object of activities for this state enterprise (but can also change it) or limit its territorial jurisdiction. In such a case, the director and the enterprise council are organs of the enterprise.

The director manages the enterprise and answers to the founder for its results. The founder appoints and recalls the directors following a discussion in the enterprise council. The enterprise council of a state enterprise to satisfy publicly beneficial interests verifies the annual balance sheet of the enterprise, discusses the proposal by the director for the distribution of usable profits (yet a decision in this area is made by the founder). The enterprise council is constituted in the same manner as in the previous type of state enterprise.

A third proposed type of state enterprise is an enterprise with self-administration. Self-administration may be established in a state enterprise only if the founder and at least two-thirds of the members of the worker collective agree (the decision is made by secret ballot). The organs of the state enterprise with self-administration are the enterprise council and the director. The members of the enterprise council are elected and recalled by the worker collective through secret ballot. The enterprise council serves for a term of five years.

The enterprise council in a state enterprise with self-administration has a relatively broad scope of jurisdiction. It elects and recalls the director by secret ballot (for a term of five years)—provided the director is not elected directly by the worker collective. It approves concepts and developmental plans for the enterprise and any changes, it approves the annual balance sheet and the method for distributing usable profits, it approves the principles of intraenterprise management and the internal organization of the enterprise, it makes decisions regarding the participation by the enterprise in associations and in other forms of social undertaking. It also makes decisions in other cases which it reserves unto itself. Provided at least two-thirds of the members of the worker collective agree (in secret balloting), the enterprise council can suggest to the founder that the enterprise be amalgamated, or divided. The director of the state enterprise with self-administration acts as its statutory organ. He decides on all matters independently provided, naturally, these are not decisions which are reserved for the enterprise council.

Even in a state enterprise with self-administration, the founder can impose direct administration if the enterprise, through its management, threatens or illegally reduces its basic assets. If the direct administration does not lead to elimination of the causes for which it was imposed, the founder disestablishes the enterprise.

In disestablishing any type of state enterprise without liquidation, the founder can contractually transfer the material property of that enterprise as a whole to the ownership of another legal or physical entity or may invest it in a stock corporation. However, to do this, he must first obtain the approval of the Federal Assembly or the Czech or Slovak National Councils (upon the proposal of the appropriate government). The founder may contractually entrust the material property of an enterprise which he has disestablished to a legal or physical entity for use.

Of importance in the proposal of the new law on the state enterprises are the transitional provisions because, among others, they make it possible to undertake the prepared demonopolization, decentralization, and restructuring in the national economy. By the end of this year, the founder may, upon the proposal of the enterprise itself or its internal organizational unit, but also without such a proposal and without approval by the enterprise or its units:

- break one or more internal organizational units out of the enterprise, establish another enterprise or enterprises from these units, or incorporate them into another enterprise, or
- divide the enterprise.

By the end of this year, the founder may also (even without the approval of the enterprise) disestablish a state enterprise without liquidation and contractually transfer its material property as a whole to the ownership of another legal or physical entity or invest it in a stock corporation (however, he must first seek the approval of the legislative branch). By the end of this year, the founders of an existing state enterprise, in agreement with the council of the worker collective or with the worker collective itself (in the event an enterprise with self-administration is involved) should make a decision as to the type of state enterprise which will be involved in the given case. Until the method of financial management of these enterprises is changed, their basic assets are defined as the sum total of the remainders of the fund of basic assets and investments, the turnover fund, and the fund of the securities it holds.

#### The Law on Stock Corporations

The proposed new law on stock corporations is based on the West German regulations for stock companies and substantially resembles the Austrian regulations which were applicable in our country until 1949 (in Austria, they are valid to this day). This obviously has its advantages—these are proven legal regulations and, moreover,

understood by foreign entities which might be interested in participating in stock entrepreneurship in Czechoslovakia.

According to the proposal of the new law, a stock corporation is an association for purposes of undertaking an economic enterprise, the basic capital of which is apportioned to a previously determined number of shares (securities) at a previously determined nominal value (a minimum of Kcs 1,000). A founder of a stock corporation may be both a legal entity (including the state) and also a physical person.

The securities may be in the form of bearer securities or may be registered in a specific name. Bearer securities are freely transferable, securities registered in a specific name can be transferred by endorsement (as long as the statutes of the stock corporation do not prescribe something different). A foreigner may acquire securities only registered in a specific name.

The statutes of a stock corporation may authorize the issuance of preferred stock (they have a priority right to share in the profit) and may do so up to a maximum of one-half of the basic capital of the corporation. Similarly, the statutes may authorize the issuance of employee stock (issued free of charge or at an advantage to price). The proposed law specifies that employee shares, which may only be owned by employees (both those who are actively employed and also those who are retired), may be issued to a maximum value of 10 percent of that portion of the property of the stock corporation which exceeds its basic capital (this will ensure material incentives for employees in seeing to it that their stock corporation manages well). Upon termination of employment or upon death of the shareholder, the stock corporation is obligated to repurchase employee shares at their current market value or, at least, at their nominal value. The statutes may authorize issuance of so-called interest-bearing shares up to 10 percent of the value of the basic capital (they entitle the holder to collect interest at predetermined rates as well as dividends). The stock corporation may also issue so-called convertible obligations up to one-half of the value of its basic capital (they may, at the request of the owner, be converted into shares).

The basic capital of the stock corporation may not be less than Kcs 100,000; the sum total of monetary deposits at the time the corporation is being established must not be less than 30 percent of the basic capital (and not be lower than Kcs 50,000). The basic capital is secured by share subscriptions. The basis for share subscription is the founding contract (if there is only one founder, then the basis shall be the founding plan).

If the shares which correspond to the value of the basic capital have not been subscribed within the planned time limit, the establishment of a stock corporation is considered to be unsuccessful and the founders must return the subscription price to subscribers without any reductions within 15 days. Within 60 days following successful

share subscription, the founders of a stock corporation are obligated to convene a constituent assembly of shareholders. This assembly will, among others, approve the statutes of the corporation. Shareholders are obligated to deposit the full value of the subscribed shares within 1 year of registration by the corporation with the enterprise register.

If the founders, in the founding contract, agree that they will themselves take over all shares, neither a share subscription action nor the convening of a constituent assembly are required. The founders themselves may determine the board of directors and the oversight council.

The constituent assembly of shareholders shall be the highest organ of the stock corporation. It approves and amends the statutes, makes decisions regarding the increasing or decreasing of the basic capital, it elects and recalls members of the board of directors, members of the oversight council, and financial controllers, decides upon their remuneration, makes decisions pertaining to the distribution of the annual profit, and decides on other important questions.

The statutory organ of the stock corporation is its board of directors. It is composed of 3 to 11 members. The oversight council of a stock corporation must have at least three members and may not include any employees of the corporation. If the stock corporation has more than 200 employees, one-third of the members of the oversight council are elected by the corporation employees.

According to the proposed new law, it is possible for a stock corporation to exist as a single individual. This may occur if the state organ establishes the corporation as a single stockholder or if a single stockholder acquires ownership of all outstanding shares.

The proposed new law on stock corporations goes into detail even with regard to the sharing by the stock corporation in another stock corporation by acquiring its shares. Where one corporation acquires the shares of another corporation to the extent that they exceed one-fourth of its basic capital, this is a so-called significant share. The acquiring corporation must notify the other corporation of this fact without delay and announce this fact in the official gazette.

When a stock corporation owns the shares of another corporation and if these shares exceed one-half of the basic capital of the second corporation, this is a so-called majority share. The second stock corporation must be informed in advance regarding the intention of acquiring a majority share and its shareholders must be offered the opportunity to purchase those shares which are intended to secure a majority share for the first corporation. These facts must also be publicized in the official gazette in all their detail. The law also prescribes other obligations for the majority shareholder; for example, obligations with regard to the shareholders of the controlled corporation. The proposed new law also contains provisions dealing

with the fact that a stock corporation which is largely or exclusively owned by a foreign national may not acquire a majority share in another stock corporation.

### The Law on Individual Entrepreneurship

The main principles of the proposed law on individual entrepreneurship on the part of physical entities are known from the daily press which contained information on the artisan law. According to the proposed text of this law, physical entities may individually undertake even those activities which were hitherto reserved only for organizations. Twelve activities are exempt and the law on individual entrepreneurship will not be applicable to them (these are partly the monopoly activities of the state and, in part, undertakings which will be governed by other regulations). Specifically, this involves the operation of the national railroads, the production of alcohol, tobacco and tobacco products, the provision of health and veterinary services, archeological research, the legal profession, the functions of experts, interpreters, and verifiers, the creation of works within the meaning of the copyright law and the execution of artistic works by professional artists, employment agency operations, the breeding of agricultural livestock and the improvement and beneficiation of new plant varieties, agricultural production with the exception of the sale of products from personal small-scale agricultural production, the operation of lotteries, and, finally, radio and television broadcasting.

An individual entrepreneur may employ an unlimited number of employees and has the right, for purposes of engaging in the undertaking to acquire property to an unlimited extent. The relationship between the employee and the entrepreneur is governed by labor law regulations and a labor law relationship may not exist between man and wife.

An important paragraph in the proposed law is the provision that no duties may be assigned to the individual entrepreneur in the state economic plan and the plan of social development.

The right to undertake entrepreneurial activity begins with registration with the artisan office (prior to its establishment, registration is handled by the national committee). The proposed law even specifies the conditions of registration (minimum age of 18, suitability to undertake legal action, unblemished record, and specialized qualification, to the extent to which the nature of the undertaking so requires).

To the extent to which the scope of the undertaking exceeds certain limitations, the entrepreneur must register with the enterprise register (and is then, naturally, subjected to the regulations which regulate the rights and obligations of legal entities). For the time being, these limitations are set in the proposed law on entrepreneurship in two alternatives. The stricter of the two requires the entrepreneur to register with the enterprise register if, in the previous calendar year, his taxes based on entrepreneurial activity exceeded Kcs 540,000 or if he

employs more than 25 employees; the second, more liberal alternative, stipulates that the deposit of the entrepreneur's taxes must exceed Kcs 540,000 and that he must employ more than 15 employees.

The individual entrepreneur is obligated to keep records of his income, expenditures, of the property serving the undertaking, and of monetary obligations. He must maintain documentation regarding income and expenditures for a period of five years.

With respect to transitional provisions, the proposed law suggests that existing permission to sell merchandise and to provide services be automatically considered as being registration according to the new law. The holder of such permission will be considered to be an entrepreneur. The same holds true of approvals for temporary billeting in private housing.

The deadline for the effectiveness of all three laws will depend on the course and speed of the legislative process. On a preliminary basis, it is anticipated that the laws could become effective on 1 April 1990.

## GERMAN DEMOCRATIC REPUBLIC

### Harmful Effects of Agricultural Overproduction Cited

90EG0202A East Berlin KOOPERATION in German  
Feb 90 pp 52-54

[Unattributed article: "Business Management, Production, Environment, and Effectiveness—Tasks for Today and Tomorrow"; first two paragraphs are KOOPERATION introduction]

[Text] The following opinion paper is the result of an exchange of experience with practitioners and scientists. Some 30 cadre from cooperatives and nationally owned companies accepted the invitation from the director of the Institute for Socialist Business Management of the Association of German Farmers of the GDR in Boehlitz-Ehrenberg. It is the viewpoint of the participants of this discussion, drawn from and derived from the situation in Leipzig Bezirk but, in our view, with republicwide characteristics.

We ask our readers and authors to express themselves with additional proposals and viewpoints on economic reform in order to sustain the revolutionary reorganization of society and to continually guarantee responsibility for demand oriented production and supply geared to the market. *The Editor*

### Guarantee Daily Subsistence of the Population

Our most important task is and will remain supplying the population with foodstuffs and the industry with agricultural raw materials. Every day, 385 tons of meat and meat byproducts, 300 tons of milk, 6.5 tons of butter, 130 tons of fruit, 230 tons of vegetables, 331 tons of bread, 1.4 million rolls, 1,000,000 eggs, and much

more are needed for subsistence in Leipzig Bezirk. Citizens rightfully expect a substantial supply in every market facility regardless of whether it is located in the city or in the country. They are unsatisfied with the achievements in many places.

Our county goal for the year 1990 is to more fully utilize possibilities and to increase plant production by 6.4 percent and animal production by 1.4 percent compared to the three year average. An even higher growth rate is expected for fruit and vegetables. The citizens of our country know that the FRG and many other countries positively cannot meet demand from their own production. In spite of all conceivable efforts, neither is it possible here. It is the duty of the government to find new solutions for importation.

It concerns us that much of what we produce in the fields and in barns does not reach the consumer. Considerable losses are incurred because the food trade and business are underdeveloped. In addition, considerable amounts of bread, meat, sausage, and more ends up in refuse containers. Heavily subsidized prices for staple foods mislead one to nothing short of generosity. We could achieve a much higher level of supply at the same agricultural production level if agriculture, the processing industry and trade, consistently adapted to market requirements, developed proportionally and their economic relationships were regulated by contracts and flexible prices that take the interplay of supply and demand into consideration. In addition, we consider it urgently compelling to do away with food subsidies. The money made available in this manner should be utilized for wage policy related measures, pension increases and so on.

### Consolidation of LPG's and VEG's and Development of Owner Awareness

Our experience shows that the cooperative path in agriculture has proven itself. It is inseparably linked with the crystallization of a competitive socialist agriculture, a fundamental transformation of social conditions in the country and in working and living conditions, in education, social service, as well as intellectual and cultural life. We will also stand behind cooperative development in agriculture in the future. A return to single farmer economy or the creation of smaller new private farms is out of the question for us. Nonetheless, there is agreement that a multiplicity of ownership forms in the GDR must have a future.

It is important that cooperative farmers not alienate themselves from cooperative property and/or workers not alienate themselves from nationally owned property. They must consider themselves actual owners and act appropriately. It is a necessary step to radically limit central State plan targets and to expand the rights, duties and autonomy of LPG's [Agricultural Producer Cooperatives] and VEG's [State farms] to shape its reproduction process and its cooperative relationships, environmental protection and the union of production and territory.

Profit must become a focal point of our economic activity. Cooperative farmers and workers should directly share in the profit of their LPG and/or of their nationally owned property. Two applications are considered for this. One: they get a portion of the net profit depending on work performance rendered. Two: they directly invest their own money in their LPG's and/or VEG's and receive a corresponding share of net profit at the end of the year. Thus, they would have a direct interest in the highest possible profit of the cooperative and/or of the nationally owned property. The size and production make up of the LPG and of the VEG should depend solely on the cooperative farmers and workers. Development of effectiveness is not automatically achieved with a sweeping action to modify farm structure in agriculture. Thorough calculating, counseling, and recalculating are required. The bottom line must yield more for the cooperative, for VEG's, and for every cooperative farmer and workman but also for society. The same applies to the work of the Interaction Committees of the LPG's and the VEG's. They are an organ of self administration of cooperating partners and assume those tasks assigned to them by the LPG's and VEG's.

It is important that representative farms independently decide the utilization and economic development of cooperative facilities, especially the ACZ's [Agro-Chemical Center], amelioration cooperatives, and ZBO's [Intercooperative Construction Organizations]. We are in favor of cooperative facilities becoming noticeably more interested from a material standpoint in economic profits of the LPG's and VEG's.

A greater multiplicity and variability in the farm structure of agriculture will be typical. There will be socialist agricultural companies with plant and animal production as well as specialized plant and/or animal production farms and ACZ's, MG's [model cooperatives] and ZBO's. In view of previous experiences, we do not advocate the creation of additional agricultural/industrial associations.

#### **Adapt the Production Structure of Agriculture to Its Main Task**

The production structure of agriculture has changed considerably over the past years. Expenditure volume for maintenance, cultivation of individual utility funds, cultural, social, and community purposes increased steadily. Employee level in unskilled labor production in LPG's and VEG's has increased by 62.9 percent in the past 12 years and by 52.2 percent in cultural and social areas. During the same period of time, the number of cooperative farmers and workers that work directly in the fields and in barns decreased by 16.5 percent. By contrast, work productivity in unskilled labor production does not even amount to 50 percent of the level achieved in plant and animal production because the level of mechanization in this area is too low. Basic equipment supply per employee here is currently a daily

minimum of about 60. However, a daily minimum of at least 120 would be required.

We suggest rethinking from an overall national economic standpoint whether it would be more advantageous for all of us if the building and construction industry would again assert the full extent of their responsibilities for reproduction of the basic supply of agricultural, forestry, and food trade including creation of utility procedures.

#### **Persistent Renewal of the Material and Technical Basis**

Simple renewal of the basic supply could no longer be guaranteed for an extended period of time. Thus, the basic supply loss ratio in animal production amounted to 74 percent, 62 percent in the processing industry and 65 percent in transportation and handling technology. Much is on the agenda; not everything can be taken care of by 1990. Nonetheless, we think that the previous strategy largely oriented toward autonomous production of technical agricultural production instruments can no longer be maintained. It is necessary to differentiate what agricultural machines we build ourselves in the GDR, and which ones we import in the future. Step by step, a market for means of production should be put in place again, and a renewal in basic supply reproduction should preponderate. Investments in the meat and milk trade and storage and processing of fruit and vegetables for utility measures in barns should take precedence.

One more word about replacement parts. Our storage supplies are considerable but are nonetheless insufficient. These supplies could be noticeably reduced by targeted and committed elimination of outmoded technology with a corresponding new supply of main parts subject to wear and tear and dependable, unbureaucratic support of same.

#### **Utility Per Animal Is Emphasized**

From an economic and ecological standpoint, our animal population is too high. This materializes because there are still too many low efficiency animals, and livestock is kept as a food reserve. However, that is too expensive for us. So many animals demand considerable amounts of feed and require barns and workers. Let us concentrate more on intensifying production; specifically, where we have reasonable production facilities and sufficient workers.

The core issue is to achieve daily increases of 700 grams for beef cattle, between 550 and 600 grams for slaughtering pigs and an annual per cow milk production of 5,000 kg (4 percent fat). Of course, we are by no means overlooking the already existing disproportions between location specific feed production, animal stock and yield trend but also that some cooperatives are consuming luxuriously due to the high animal population while there is a lack of humus soil elsewhere.

A long term strategy for an optimal location distribution of production and of productive workers is necessary. In addition, we suggest creation of a feed market.

#### **Careful Handling of Fertilizer, Pesticides, and Water, Among Other Things, Protects the Environment**

Orderly crop rotation, good agriculture and cultivation of high yield rayonized varieties represent inexhaustible sources of environmentally oriented economizing everywhere. Also, intercropping counteracts nutritional losses, especially nitrate shifts. None of this requires investments. With computer supported recommendations for fertilization, pest control, and irrigation, plant growers have the instruments for differentiated intensification and careful handling of the environment at their disposal. However, practical application of these recommendations is unfavorably influenced by the considerable amount of technically and technologically hard to control and/or uncontrollable mineral fertilizers and the pronounced obsolescence of application technology. For years, agriculture has been receiving a high share of hardly controllable products in the form of 60 percent fine crystalline and N, P, and K powdered fertilizers while high quality granulated products such as nitrate of lime and ammonia and potash  $K_{60}K_3$  are exported.

In this manner, yield losses, high ground traffic densities, excessive processing expenses and strong environmental stress due to wind drift, inexact dosages and distribution ensue. Protection of the environment and the economy demand fundamental improvement of the quality of the predominant portion of the industry's mineral fertilizer assortment. More must be done for the redevelopment of existing fertilizer storage facilities and the construction of additional new ones.

Open space storage on unreinforced surfaces without proper disposal of refuse and sewage is no longer defensible. It is in everyone's interest to enact and strictly maintain harsh fertilizer and pest control measures near drinking water reservoirs and other ecologically sensitive territories.

The task of continuing to treat energy suppliers carefully by way of rationalization, optimization of transportation, utilization of secondary energy sources and replaceable energy sources requires greater attention. Concurrently, drinking and utility water must be utilized more rationally, water losses must be reduced and inshore waters must be protected.

#### **Utilize Working Capacity Rationally**

Based on the demographic situation, neither LPG's, VEB's nor cooperative facilities can count on more employees now or in the future. Introduction of work saving mechanization solutions, considerable reduction of management and administrative effort and exemplary organization of work are on the agenda. Work morale and discipline and the relationship to property develop first of all in brigades and divisions. That is why we attach great importance to easily comprehensible and

stable work collectives with clearly delineated production and work tasks, firmly allocated material stockpiles and financial resources and lots of manoeuvring room for independent economizing.

#### **Overcome Tendencies of a Bureaucratic Management and Planning Style**

We understand that central economic management and planning can by no means be transformed from one day to the next when new economic control mechanisms are not yet fully developed. However, we think it will be possible in the year 1990 that only a few of the indicators for material production (wheat, animals for slaughtering, milk, fruit, and vegetables) and the availability of State funds (investments, material) will be provided. LPG's and VEB's will then autonomously enter into economic contracts lasting several years with collectives and companies of the food trade and businesses. Annual plans should be compiled on this basis in accordance with current market requirements. About 50 percent of the plan records for next year could be eliminated using such a procedure.

Like planning, accounting and statistical reporting should be considerably simplified. We expect the experts of the Business Management Institute of the Association of German Farmers of the GDR to make short term proposals for this and to quickly compile EDP programs for company accounting. Again, the core must become a presentable and powerful cost and production accounting. Central reporting could be reduced by more than two-thirds.

We consider it necessary to introduce new industrial and agricultural prices based on the socially necessary expenditure and oriented to world market prices effective 1 January 1991. Required subsidies are to be indicated in the branches of the national economy in which they accrued.

We recommend a profit indexed tax that promotes the interests of LPG's and VEB's in effective economizing in addition to an effective absorption of differential profits. In our view, price reforms should be supplemented by tax reforms.

New basic legal conditions such as an employment code, contract law, a tax code, development of international division of work and cooperation are necessary for the autonomous activity of LPG's, VEB's, and economic associations.

#### **Implement the Performance Principle Without Reservations**

From the outset, it was a good tradition of cooperative work to remunerate everyone according to his performance and to only distribute what had been gotten through careful management. Cooperative property and self administration require the LPG's to not only autonomously decide about the extent of work but also about the extent of consumption. The Socialist State could

suggest saving employees with a progressively staggered tax on the absolute increase of personal income compared to the previous year. The primary income for all able-bodied cooperative farmers must remain the income from cooperative work in the future as well. Work according to precise standards is a precept of economic sensibility.

We support the cause of a justifiable pay relationship between simple and complicated work, between manual and machine labor and between production and management activities with special emphasis. That is imperative to give an incentive to qualify for assuming management functions.

In view of the different production and working conditions, diverse pay and bonus forms should be applied and all schematism should be avoided. Handing over the pay and bonus funds accruing to the work collectives into collective autonomy has proven itself.

#### Founding a Cooperative Association

We suggest the agricultural collectives of the GDR found a cooperative association in the spring of 1990 which represents their interests and creates and operates storage, processing, and trade facilities, assumes export and import tasks, organizes the common feed market and advises them in company management on their behalf. Scientific facilities should also be subordinated to this association. LPG's and additional organizations are representatives of this association, share in investments of the association and receive shares of the profit at the end of the year according to the economic profits realized and the money brought in. Such an association, in which the farmers decide, has sufficient money at its disposal and could react flexibly to the national and international market. It could have its seat on the site of the Leipzig-Markkleeberg agora.

#### Closer Connections Between Production and Territory

The village is the center of agricultural production and country life. The cooperative farmer's and worker's identification with their LPG and/or their VEB depends strongly on whether they feel comfortable in their villages and whether the transportation and communications system, energy and water supply, the housing market, cultural and social facilities, retail and service facilities and so on function well. There is also much to be done for the development of villages in the future. Our suggestion is to expand the independence and autonomy of the municipalities and city and to relinquish the taxes to be paid by the LPG's to the State budget to the municipalities instead and to maintain them there for local use.

We have built a large number of housing units with our own money and ability that, in the meantime, are now occupied by noncompany employees in many cases. This situation is unsatisfactory for everyone. Therefore, we suggest giving State assistance and support to the LPG's

and VEB's so that company employees can live in company housing once again.

#### Machine Tool Industry Adapting to Market Conditions

90EG0219A Munich *INDUSTRIEMAGAZIN*  
in German Mar 90 pp 77, 79, 81-82

[Article by Friedrich Maier: "The Jump Into Cold Water"; first paragraph is *INDUSTRIEMAGAZIN* introduction]

[Text] After the reversal in the GDR, the VEB [State enterprise] machine tool combine "Fritz Heckert" stands unprotected in the rough winds of competition.

For Prof. Rudolf Winter, general manager of the VEB machine tool combine "Fritz Heckert" in Karl-Marx-Stadt, leisurely work under the wings of a socialist planned economy is definitely a thing of the past. Now that East Germany is turning toward a market course, the 62-year-old top manager is on the go as never before: a quick trip to see customers in nearby Hof, Franconia, in between jetting to Paris, the next day to a business lunch in Essen.

At home the man is also constantly at work: At the combine headquarters in Karl-Marx-Stadt West German firms by the dozen, from Fuerth machine tool manufacturer Hertel to Siemens AG Munich, are beating a path to his door—all want to sound out opportunities for cooperation.

The visitors' interest is not haphazard: "Fritz Heckert" is one of the 10 largest machine tool manufacturers in the world and, next to Robotron and the printing machine group Polygraph, is one of the GDR's showcase combines. The Saxons lately also succeeded with growth rates of an average of eight percent annually; in 1989 the group (20 enterprises, 30,000 employees) had a proud turnover of M 3.6 billion—and it works profitably, assures Winter. For years, they have been earning a "gross profit-sales ratio" (revenues minus "cost ratio" in GDR terminology) of 10 percent.

#### Dangerous Bloodletting

But the tidy setup of the state-owned enterprise with its emphasis on machine tools (share of turnover: 56 percent), material testing machines, numerical controls, and lubrication systems now shows dangerous chinks: Since the opening of the GDR borders, more than 900 young, highly qualified staff members have left the machine tool group heading West and have left gaps in the labor process. Simultaneously, important ancillary deliveries have halted because other VEB enterprises also suffer from personnel bloodletting.

Winter knows: As long as the general political conditions in the GDR are unstable, he also is moving on shaky ground.



But the manager cannot afford to hesitate. Bravely he wants to tackle the task of getting the machine tool combine, freed from the shackles of a planned economy, ready for worldwide competition: with innovative products and systems permitting the customer flexible production processes, with increased sales efforts—and, wherever possible, “shoulder to shoulder with competent Western firms.”

Winter sees a good chance to “make a go of it.” It is in his favor that in past years he already developed modern production systems which “ensure an automatic, economical, and low-service production even for customers with a small serial production.” He supplies numerically controlled milling, drilling and grinding machines for complete processing of prismatic subjects with complicated geometry (edge length between 400 and 2,000 millimeters)—as individual machines or as modules of flexible processing systems.

Fritz Heckert spends about M 250 million annually for product development. That amount includes the funds for the “Research Center of Machine Tool Production” (FZW) in Karl-Marx-Stadt. There, 1,500 engineers work on basic development as well as in “industrial research of multivalent use” (Winter), for instance in the fields of driving gear, transmission, and lubrication technologies. In addition, FZW cooperates closely with the technical universities in Karl-Marx-Stadt and Dresden.

Result of this intensive tinkering: In the past five years, Heckert engineers developed more than 50 new machine designs.

In this, Winter sticks to the “golden rule” of first using new machines and processes in his own combine factories; in this way, the buyer “always gets a problem solution tested in practice.”

With this procedure the Saxons ensure that their production structures “grow technologically synchronous” (Winter). In 1989 alone, they installed six spanking-new processing systems in four combine plants which promptly increased labor productivity in these plants by an average of 400 percent and reduced processing time by 40 percent. Or another example: Together with the Dresden Manfred von Ardenne Research Institute, Heckert engineers had developed an automatic installation for electron-beam hardening and welding of components which, when applied at the parent firm in Karl-Marx-Stadt, saved 3 million marks on the spot.

### Specialization of Processing

Winter’s second chess move in processing: He specialized the individual plants successively and persistently on limited production tasks in order to utilize the cost decrease of large quantity production. Thus the machine tool factory Auerbach concentrates on small elements (systems for work pieces with edge lengths to 250 millimeters), the parent company in Karl-Marx-Stadt on medium sizes, and large-element processing machines

come from Aschersleben. Special machines are predominantly manufactured in Plauen and Saalfeld; and Rawema in Karl-Marx-Stadt as a plant construction enterprise is primarily a pure engineering firm.

Winter also concentrated the manufacture of certain components and elements in individual enterprises; in this way he avoids costly parallel productions. Mikromat in Dresden, for instance, mass-produces gearwheels of various sizes for several plants. Welding units, on the other hand, are the specialty of Union Gera where state-of-the-art heat-erosion machines supply the demands of the entire combine. Spindles, in turn, are manufactured only in the Aschersleben plant.

### Thought Patterns To Be Cast Overboard

In addition to the well-thought-out production structures in the combine, Winter also sees a pledge for the future in the “marked export strength of the enterprise.” He had already started to expand trade with “nonsocialist states” in the 1970’s. In 1989 alone, the Heckert combine enterprises sold machine tools for M 800 million in the West, which is over 30 percent of all foreign transactions (export rate: 70 percent).

Sales in the West are handled by 11 sales and service companies, 16 customer service firms of the GDR machine tool industry, and 25 independent agencies. In the FRG, for example, the Gebr. Hoffmann Werkzeugmaschinen KG [Hoffmann Brothers Machine Tools, Limited Partnership] in Hilden and WMW Werkzeugmaschinen GmbH in Duesseldorf are contractual partners. For the time being, trade transactions officially are still handled by the state-owned foreign trade enterprise WMW-Export-Import in East Berlin; WMW stands for the GDR Association of Machine Tool and Tool Industry; in addition to “Fritz Heckert,” it comprises the VEB combines “7. Oktober” in Berlin (machine tools for processing dynamically balanced parts), “Herbert Warnke” Umformtechnik [metal-forming machine tools] and Schmalkalden (tools).

But despite the enterprise’s respectable successes under socialism’s protective mantle—if the machine tool group in future has to face competition with an open visor, “many old patterns of thinking must be tossed overboard,” Winter recognizes. Currency reform with freely convertible East mark, free prices, elimination of subsidies (which will probably make ancillary supplies from the GDR more expensive), the probable association with the EC united market—all that forces the VEB managers rapidly into unaccustomed, new strategic patterns of thinking.

However, in the present reform bustle it is difficult for the head of the combine to preset concrete goals for the coming years. Hence his motto for the future sounds quite terse: “We want to manage the enterprise in such a way that we can hold our own in tough competition.”

Winter would like to carry out this intention "with notably more products which are internationally competitive with regard to quality—that is, technical parameters—service, and price." Even more so than heretofore, he wants to concentrate on processing centers, manufacturing units, and flexible production systems for small and medium lot sizes: "Solutions with two to four coupled machines will dominate, we will go in for that."

Parallel to this, the manager banks on medium to large automated transfer and synchronized assembly lines including the periphery, for the consumer goods industry in the GDR, for example. In addition, he also wants to be in on the machine side when it concerns the building of a modern automobile production in his own country. Allegedly he has already established contacts with VW in Wolfsburg and with the Japanese automobile giant, Mitsubishi (both corporations are planning joint venture factories in the GDR).

#### Shedding Fat in Manufacturing

But Winter knows all too well: If he wants to play a decisive role in the global Monopoly game as an equipper for the automobile industry, he must continue to briskly modernize the combine enterprises and quickly discard still existing old production installations.

Computer capacities, also (at present 10 large-scale computers, 30 computers with medium data technology, and numerous workplace computers for research and development, work planning, and production control are in use), must quickly be optimized across the board. Overall, during the next five years, Winter wants to invest between M 250 and 400 million annually in modernizing the plants.

At the same time, the combine chief must tighten the cost screw and rapidly reduce the inflated size of the labor force. For the M 120,000 of turnover per capita in the group is all too little. By comparison: In FRG machine tool firms, the average is M 200,000 per coworker.

The area of overheads in particular is bursting its seams. Of the approximately 28,000 combine employees (excluding the engineers in the research center), more than 60 percent are engaged "in preparatory work activities," i.e., in administration, design, storage and sales. Meanwhile the energetic manager in the combine center in Karl-Marx-Stadt has already begun the weeding-out process and eliminated 200 established jobs with one stroke.

However, Winter makes the qualifying statement that the per capita revenues at "Fritz Eckert" are not a priori comparable to those of Western enterprises such as Maho in Pfronten or Trumpf in Ditzingen. For the Saxons produce with a much greater manufacturing depth than do their Western competitors. Thus, for instance, they manufacture their own drilling spindles as well as all machine cases and cast parts. By necessity, it seems: "To date, there are no specialized ancillary factories in the GDR," Winter regrets.

#### Know-How via Licenses

But the machine tool pro adroitly makes a virtue of necessity. In order to avoid cost-intensive own development of important components and elements, and also to fully and profitably utilize expensive manufacturing capacities with large lot sizes, he now works increasingly with products under license.

Recently, "Fritz Heckert" has begun to manufacture, under license, the slideway (telescope) coverings ("we couldn't buy them in the GDR") of the Siegen Kabelschlepp GmbH. By now the Saxons not only supply other VEB enterprises with these elements; they also sell the components back to the Siegen licensor. Kabelschlepp markets the slideways "made in the GDR" through its own sales machinery. The combine planner proceeds in similar fashion with so-called energy-conducting chains; here, also, the license is from West German Kabelschlepp.

In addition, the Karl-Marx-Stadt people have spun further cooperation threads to Western firms. For example, the Plauen combine enterprise produces a line of machinery for Schwaebische Huetttenwerke (SHW) in Aalen.

Both profit from it: In this way, the Plauen factory can better utilize existing capacities, and SHW frees up facilities for other product series. Furthermore, the Heckert parent company in Karl-Marx-Stadt agreed on cooperation with the West Berlin Werner & Kolb GmbH in conceptualizing flexible production systems.

Other cooperation intentions, however, are still in their infancy. The Zella-Mehlis VEB plant, for instance, is considering production of modern compact guides jointly with INA Waelzlager Scheffler GmbH in Herzogenaurach. Furthermore, the Saxons also maintain intensive contacts with Siemens AG in Munich (subject: control systems), with tool specialists Hertel AG in Fuerth, and with the Austrian Voest-Alpine group.

Of course, muses Winter, all these high-flying plans could come to naught if the promised economic reforms in the GDR were to go up in smoke. Then the exodus of the labor force could no longer be stemmed—threatening the existence of the enterprise, fears the VEB manager. Even today the combine enterprises have trouble making up even halfway for the bloodletting of qualified coworkers, particularly in the development laboratories and in small, but important, workshop teams.

The Fritz-Heckert helmsman is not nearly as anxious about the much-cited COCOM list, which continues to restrict purchases of allegedly strategically important goods from Western foreign countries: It concerns Heckert only marginally. The only thing the Karl-Marx-Stadt people cannot buy freely are complicated controls for grinding procedures; all other controls for processing centers as well as flexible production systems can be bought from Western countries without difficulty.

Winter, anyway, is convinced that the COCOM list "will soon be dropped because it has become meaningless politically."

#### Optimism Predominates

"On balance, at any rate, my optimism outweighs all misgivings," the combine chief encourages himself. He hopes to maintain at least last year's turnover even in 1990, the "difficult year of upheaval." "If after the elections in the GDR, in the second half of the year, economic life settles into calmer waters, it may even go up by two to three percentage points," he believes.

With the hoped-for stable political conditions, Winter would have the backing that he needs in order to reforge "his" combine into an efficient machine tool corporation in the coming years.

Because the veteran VEB manager wishes above all else that, before his retirement from active work life, his dream will come true: to once be chairman of the board.

#### Giant With Many Arms Structure of the Machine Tool Combine "Fritz Heckert"

VEB Machine Tool Combine "Fritz Heckert" Karl-Marx-Stadt	
VEB machine tool factory "Fritz Heckert" Karl-Marx-Stadt (parent company)	VEB Zella-Mehlis machine tool factory
Machine tooling research center (FZW) Karl-Marx-Stadt	VEB Numerik "Karl Marx" Karl-Marx-Stadt
VEB machine tool factory Union Gera	VEB Rawema Karl-Marx-Stadt
VEB machine tool factory Union Karl-Marx-Stadt	VEB materials testing machinery Leipzig
VEB machine tool factory Vogtland Plauen	VEB Thuringian industrial works Rauenstein
VEB Mikromat Dresden	VEB construction of jigs and fixtures Hohenstein
VEB machine tool factory Aschersleben	VEB construction of jigs and fixtures Weissenfels
VEB machine tool factory Saalfeld	VEB lubricating equipment plant "Saxonia" Schwarzenberg
VEB machine tool factory "John Schehr" Meuselwitz	VEB electric equipment Karl-Marx-Stadt
VEB machine tool factory Auerbach	VEB iron works Elterlein

## HUNGARY

### Economic Relations With South Korea Discussed

25000680E Budapest NEPSZABADSAG in Hungarian  
7 Mar 90 p 6

[Interview with Ki Choo Lee, South Korean deputy foreign minister, in Seoul, Korea, by Zsuzsa Gal and Istvan Zalai; date not given: "New Market—New Opportunities"—first paragraph is NEPSZABADSAG introduction]

[Text] A Western news agency reported the other day that the Korean Development Bank will open an office in Budapest, while another news agency referred to sources in Seoul when it said that South Korea will participate in the East European Development Bank. These two news reports alone convey the sense that as of lately, South Korea, the ambitious economic power of the Far East, is manifesting particular interest in Eastern Europe, which is experiencing stormy changes. This interest parallels the normalization of that country's political relations. Visiting Seoul, our reporters had an opportunity to meet with Deputy Foreign Minister Ki Choo Lee, in charge of international economic relations. New market, new opportunities. How could these benefit Hungary? In general, how do they view the world through the spectacles of "business" from Seoul? This was the topic of Deputy Minister Lee's statement to NEPSZABADSAG.

[NEPSZABADSAG] A year ago in February, Hungary established diplomatic relations with the Republic of Korea [ROK]. How would you summarize the events of the past year?

[Lee] Indeed, barely more than a year has passed since we planted the tree of friendship and cooperation—to use some poetic language—one that is growing very rapidly, and, what is more important, is developing in a healthy manner. We hope that it will produce much fruit. There we have, for example, President No Tae-u's trip to Budapest last year. You must realize that occasions in which a head of state visits a country less than one year after establishing diplomatic relations are rather rare. But I could mention many other things. For example, the fact that we have generally established the foundations for economic cooperation between the two countries by having reached a trade and economic agreement and an investment protection or scientific-technological agreement at the governmental level. Last year the trade volume doubled; it reached the \$70 million level. We granted more than \$100 million in credits to Hungary, and our investments come close to that figure. And we

must not forget the very broadly based sport and cultural exchange program. In other words, I could say that the beginning turned out to be very good, and promises a very favorable future.

[NEPSZABADSAG] Previously we heard of several official views held by Seoul, according to which Hungary could be the starting base for economic cooperation between the ROK and Eastern Europe. Could it be that as a result of the recent rapid changes in Eastern Europe the attention you paid to Hungary as an economic partner has diminished?

[Lee] Not at all. We are aware of the fact that Hungary has been working on its economic transformation ever since the mid-1960's, and I feel they have established a very favorable environment for cooperation with the Western business world. As far as the conditions are concerned, you are well ahead of other countries, and you have already established very close relations with the Common Market. For this reason our businessmen are very much attracted by the environment that has been developed at the government's initiative over the past 20 years. I would say that Hungary may be a certain kind of testing ground for our business and industry, when we endeavor to develop economic cooperation with East European countries. We have a very significant interest in moving toward external markets, and we have the capacity to do so. Quite naturally, there are differences between the economic potentials of individual East European countries, and most certainly our businessmen take this into consideration. But in my view Hungary must be one of our most important partners in Eastern Europe.

[NEPSZABADSAG] How would you characterize the ROK's external economic strategy toward Eastern Europe and the Soviet Union? Will this strategy be modified as a result of the changes?

[Lee] We see very encouraging developments in Eastern Europe and the Soviet Union. The economies have indeed begun to transform in the direction of market economies. The changes stimulate our businessmen to expand trade relations and to make investments. This is because we pay great attention to the evolution of a unified West European market, as well as to the fact that the EC wants to tighten its relationships with Eastern Europe.

[NEPSZABADSAG] Reverting to Hungarian-South Korean relations, in addressing the Parliament in Budapest, President No Tae-u talked about the fact that you are prepared to share technology and experience. How can this be accomplished?

[Lee] Many kinds of opportunities present themselves. Last March we signed an intergovernmental agreement concerning scientific and technological relations, and there has been cooperation between the Korean Scientific Fund and the Hungarian Academy of Sciences since December. We would like to see a joint committee on

science and technology established. In addition, we provide an opportunity for Hungarian professionals to come to Korea for management training and to learn about technology, and we also send professionals to Hungary to transfer our experience.

[NEPSZABADSAG] Technology sharing with Eastern Europe does not appear to be at all simple considering the COCOM prohibitions, even if several countries proposed recently that the restrictions be relaxed. To what extent can these prohibitions affect South Korea's technological cooperation with Hungary, particularly in terms of establishing joint enterprises in areas such as telecommunications?

[Lee] We are not members of COCOM, but quite naturally we are cooperating with that committee indirectly. COCOM is based on the idea of continued military confrontation. But the situation is changing extremely fast, thanks to the relaxation and cooperation between East and West. For this reason I hope that, consistent with changes in the global situation, COCOM prohibitions will be reduced. We are aware of the fact that negotiations are taking place to this effect, particularly with regard to Poland and Hungary. I am confident that these negotiations will produce satisfactory results, and this may contribute to the modernization of the Hungarian economy. As far as our bilateral cooperation is concerned, I do not envision any substantive problem, because our cooperation would not involve high-level technology that could be used for military purposes, the kind that is subject to the prohibitions. For this reason I feel that we will be able to increase our cooperation in the near future.

[NEPSZABADSAG] Let us look around a bit in other regions of the world. It appears that South Korea is experiencing rather heavy American pressure so as to open your doors to American firms, and to reduce the substantial trade surplus you enjoy vis-a-vis the United States. Are you going to give in to that pressure?

[Lee] This is a sensitive problem indeed. But our trade cannot be in balance with all of our partners. With regard to some we have a trade surplus, and a trade deficit with others. In the case of the United States we indeed accumulated a significant surplus during the past four years. The surplus amounted to more than \$10 billion in 1988, and this aggravated the Americans very much. But I would not talk about pressure exerted by the Americans, I would rather say that they are paying great attention. This is understandable, because that year they experienced a \$120 billion trade deficit. For this reason, in the end we tried to reduce our surplus, and this was achieved by the end of last year. The surplus amounted to less than \$1 billion.

[NEPSZABADSAG] Accomplishments in exporting played an unusually important role in South Korea's achievement of economic results. What are your expectations in the upcoming years?

[Lee] During the 1970's we were able to feel the effects of a rather favorable global economic environment: Everyone received a slice of the large cake. At present, however, we feel that the global economic situation is turning to the worse. In certain regions of the world we find the accelerated evolution of economic blocs, and the spread of protectionism. This could mean that the cake is becoming smaller: The countries will have to engage in battle for each slice.

[NEPSZABADSAG] One frequently hears the view that the next thousand years will belong to the Asian-Pacific region. Do you share this view?

[Lee] Well, how shall I say this...? I have also seen such projections. On the other hand, if one examines the realities of that region one will draw the conclusion that the development of some kind of economic community among the Asian-Pacific countries appears to be a remote possibility; it is not an item on the current agenda. The countries of this region have very different historical and cultural backgrounds, their economic development differs according to their individual ways of thinking, in many instances great geographical distances separate these countries, some of them are composed of narrow strips of land, others are islands. In other words, the situation here is entirely different from that of Western Europe. The historical background of EC member countries is very similar; there are no real language difficulties, and their alphabets are the same. In this area the languages, the written language, is entirely different, not to mention the people. Quite naturally, certain endeavors also exist in this region for groups of countries to cooperate. It is not likely, however, that this cooperation will grow into a kind of economic community which represents a threat to other parts of the world, such as to Western Europe or to the United States. It will take a very long time before the countries in this region can form any kind of economic grouping. [end interview]

At this point the conversation stopped for a few minutes, until our host could translate into English the four point Korean writing on his office wall. Mr. Lee politely enumerated the the so-called national political guiding principles: "1. National self respect. 2. Democratic reconciliation. 3. Balanced development. 4. Reunification and the flourishing of the country." Since we were inside the foreign ministry, this question suggested itself: How does the deputy minister envision realization of the four points? Could he perceive the establishment of some kind of economic cooperation between the two parts of Korea, North and South, before their relations are normalized? Particularly at this time when in Europe German reunification has been placed on the agenda.

[Begin interview] [Lee] I believe that taking these kinds of steps would also be useful to us, but they are concerned in the North that with economic cooperation they would become integrated into the economy of the South. This is why they reject our proposals of this nature, and I believe that we cannot count on such things without comprehensive perestroika in their society.

[NEPSZABADSAG] Accordingly, you believe that everything will remain unchanged.

[Lee] Let me tell you about my family's example. My father-in-law was taken to the North in 1950, during the war. Since then my wife has not heard from him, she does not know whether he is dead or alive. My mother-in-law died in 1982 without knowing anything about her husband. This is the Korean situation. From a practical standpoint, there has been no correspondence between the North and the South since 1950. This is why our situation cannot be compared to the German situation, because, despite all the barriers, they established regular relations in very many areas, not to mention the fact that the East Germans were able to watch West German television. We would like to see perestroika going on in North Korea.

[NEPSZABADSAG] You just mentioned perestroika several times. Would you have believed five years ago that in early 1990 you would use a Russian term to Hungarian journalists as a prescription regarding North Korea? Could it be that in another five years there will be an entirely different relationship between North and South Korea?

[Lee] It could happen even within a year. I cannot perceive reunification as a possibility, but one may count on favorable developments. To repeat what I said, perestroika and glasnost can be sensed everywhere in the socialist world, but it will take a long time before it becomes a reality in this area.

## POLAND

### Ministry Official, Economists Debate Pluses, Minuses of Balcerowicz Plan

90EP0345A Warsaw TYGODNIK SOLIDARNOSC  
in Polish No 4, 27 Jan 90 pp 18-19

[Discussion with Dr. Ryszard Bugaj, economist and Sejm deputy; Dr. Marek Dabrowski, economist, deputy minister of finance; Grzegorz Chrystowski, economist, president of Unia, Limited; and Dr. Jerzy Eysymontt, representing TYGODNIK SOLIDARNOSC: "A Painful Operation: Minister Dabrowski: 'Let's Proceed Rapidly and Decisively.' Deputy Bugaj: 'I Would Proceed a Bit More Slowly'"]

[Text] The plan for the new economic order, proposed by Deputy Premier Leszek Balcerowicz and being introduced since New Year's Day, is shock treatment as much to the economy as a whole as to every citizen. What hopes does it harbor, and what perils? This was discussed by Dr. Ryszard Bugaj, economist, Sejm deputy; Dr. Marek Dabrowski, economist, deputy minister of finance; Grzegorz Chrystowski, economist, board chairman of Unia, Ltd., a private joint stock company; and, on the part of the Editors, Dr. Jerzy Eysymontt.

\* \* \*

**J. Eysymontt:** The Sejm has passed decrees concerning a general restructuring of the Polish economy. We desire to make these complex issues clearer to our readers by having you present diverse rationales ensuing from diverse points of view.

**M. Dabrowski:** That which underlies the assumptions of the economic policy for the year ahead is at the same time an adjustment program that has already been negotiated with the International Monetary Fund. This program reduces to five points:

- Balancing the budget by slashing subsidies drastically, curtailing central investments, and eliminating tax exemptions, as well as opening access to revenues from sales of capital, for the time being in the form of the issuance of longterm bonds convertible to shares.
- A quantitatively restrictive monetary policy, meaning that the increase in money supply will be much below that anticipated by inflation indicators, as well as a loan interest rate that should exceed the inflation rate.
- Internal convertibility of the currency and a uniform currency exchange rate at a level assuring continuous availability of foreign exchange for imports. At the same time, insofar as our foreign-exchange reserves permit, we shall attempt to stabilize that rate of exchange for some time so as to additionally undercut inflation.
- Liberalization of coal and energy prices and their rise to a realistic level, and after three months total lifting or the related price controls. This will result in a roughly fivefold rise in producer prices and a sevenfold rise in coal retail prices.
- Drastic income and wage controls.

Such is the basic stabilization package. In addition there is the program for social protection, that is: the Labor Fund, the job placement system, legislation on group layoffs, and a system for social assistance as well as legislative and institutional changes of the economic system—for example, antimonopoly measures, a new bankruptcy law, a law governing executive proceedings in the administration.

By the end of February, privatization decrees should be ready. In view of the situation, the stabilization program must be implemented rapidly and decisively, while the program for institutional and property changes should proceed more slowly, that is, unless we decide to take revolutionary measures, such as the apportionment, once and for all, of state property.

**R. Bugaj:** Is not this variant still being considered?

**M. Dabrowski:** Not by the government, but by the press columnists.

**J. Eysymontt:** Could you comment some more on that last point of the program?

**M. Dabrowski:** We have not decided to impose an administrative wage freeze, even though we were strongly urged to do so by IMF negotiators and other Western experts. The variant adopted by the Economic Committee and of the Council of Ministers is based on the "popiwiek," that is, on the tax on wage increases. In January the normative coefficient of wage increases in relation to price increases will be 0.3 and in the subsequent months 0.2. This variant is close to a wage freeze, though not identical with it. It is proposed that that coefficient be determined each month by the Council of Ministers, depending on the economic situation each month. Once this drastic curtailment of wage increases is over, in measure with the slowdown of inflation, these coefficients will be augmented. The idea is to abandon completely this wage-control instrument by the year 1991.

**J. Eysymontt:** What would be the consequences of that wage freeze, or rather of that quasi-freeze?

**M. Dabrowski:** Let me begin with the negative consequences. The existing non-market-oriented wage structure will be made more rigid.

Another shortcoming is that this measure is a disincentive to increasing labor productivity and market supply. Its psychological effect also is negative. All the economic entities receive equal treatment, not one being provided with the opportunity of improving its position by raising wages.

**R. Bugaj:** The principal shortcoming of a tax of this kind [tax on wage increases] is the impossibility of defining precisely the concept of wage outlays.

**M. Dabrowski:** Yes, that is another shortcoming. But now what are the arguments in favor of that tax? Undoubtedly it is the second line of defense, protecting the anti-inflation policy. The first line is the monetary policy. The response of the enterprises to the monetary restrictions is still unknown, and neither known are the possibilities for evading these restrictions by resorting to barter or nonmonetary transactions and thus automatically adding to the money in circulation. Similarly the future efficiency of the banking system is still unknown.

Then also a state enterprise lacks any elements interested in profits and investment, and hence some kind of institutional prosthesis is needed in order to force such enterprises to strive for at least minimal investment and to restrict the wage increases they grant their employees.

**R. Bugaj:** Except that the tax [on wage increases] essentially is more a guillotine than a way of influencing the proportions of the distribution of the economic surplus.

**M. Dabrowski:** Yes, it is to be a guillotine lopping the inflation's head.

**J. Eysymontt:** This will result in a decline in real wages. What would be the estimated extent of that decline?

**M. Dabrowski:** Up to 20 percent on the average for the year as a whole (compared with 1989), although it may be greater toward the end of the second quarter and the beginning of the third, which will be the critical moment of the operation. However, the decline in consumption should be much lower since anyway part of real incomes even now is not offset by the availability of goods.

**J. Eysymontt:** You spoke of tax policy, chiefly from the standpoint of restraining wages in the socialized sector. But what will its consequences be to the private sector?

**M. Dabrowski:** We are not raising the income tax on legal entities and individuals. With respect to the latter we are even alleviating the scale of progression. Generally speaking, there will be no revolutionary changes in the tax system in 1990. There was too little time to prepare them. The proposed changes in the tax system are subordinated to two factors. First, we desire them to streamline the system and, second, they must be oriented toward stabilizing the budget without exacerbating the conditions for economic activity once inflation is extinguished. + **J. Eysymontt:** That is, chiefly, they are designed to maximize state-budget revenues?

**M. Dabrowski:** The policy of balancing the budget places emphasis on reducing expenditures. The increase in budget revenues will occur owing to the issuance of [Treasury] bonds, the elimination of [most] tax exemptions, and the streamlining of tax collection. How do we justify abandoning most of the tax exemptions? Exemptions for exporters are becoming dispensable owing to the tremendous devaluation of the zloty and the introduction of a uniform currency rate of exchange, while tax exemptions for energy and fuel conservation are becoming dispensable owing to the rise in energy and fuel prices. Last, a considerable part of the tax exemptions on investments, which were rather fortuitous anyway—resulting from emergency political priorities and the ambitions of certain ministries—are offset by the huge increase in depreciation rates.

Depreciation rates are increasing by a factor of about 16. In such a situation few tax exemptions on investments are retained, namely, only the tax exemption on investments in environmental protection and greatly reduced exemptions on investments in the food industry, housing, and technology progress. On the other hand, newly established companies will retain their tax exemptions. Similarly, major changes in the turnover tax system are taking place. We intend to continue to integrate the turnover tax rates so that it would be possible to introduce the value-added tax (VAT) as of 1991. In connection with the rise in energy and coal prices and the devaluation of the zloty we will have to reduce the maximum turnover tax rates. Until now the turnover tax has been a partial substitute for the underestimation of the rate of exchange of the zloty as well as for the underestimation of coal and energy prices. Thus, some regrouping of the turnover tax rates will take place, from top and from bottom. We also are introducing a turnover tax on internal exports. Further, we are extending the

turnover tax on imports to private imports in connection with the elimination of the division into commercial and noncommercial customs tariffs.

**J. Eysymontt:** So then, such are the principal intentions and rationales of the government. Gentlemen, what do you say to that?

**R. Bugaj:** I support the government principally in its capacity as the midwife to the new political order. But as for the economic order, I have various doubts. I find that, following some vacillations, the government has resolved upon an extremely radical stabilization program, a kind of shock treatment. It has chosen a particularly drastic variant of convertibility, i.e., one with a protected stable rate of exchange. Subsidies in real terms will be slashed more than in half. A sevenfold increase in the retail prices of energy is anticipated. I emphasize this, because the consequences of this variant as an impetus to inflation vary depending on where the subsidies are slashed. Further, we are switching to positive interest rates. This is a highly radical measure. Next, there is the reevaluation of property, that is, a sixteenfold increase in depreciation rates, with all its consequences to costs. And then there is the question of prices in general. I cannot agree that by now prices are free and only cosmetic changes in them are being introduced.

It should be plainly stated that the price increases will be substantial. It may be assumed that the consequences of the proposed solutions will be more drastic as regards pensions, annuities, and civil-service salaries, than in manufacturing. I do not believe, contrary to the government's claim, that there is no alternative to this program. There is, but that drastic variant has deliberately been chosen instead. Of course, there exists a relationship between this program and the possibility of obtaining foreign aid. In the Sejm I talked with important representatives of the IMF but failed to obtain from them specific information on its terms. It may be that an alternative program would have to rely on lower foreign aid.

But there exists an entire gaggle of conceivable alternatives which basically differ in one thing—the degree of radicalization. For we do not differ about the fundamental goal—the suppression of inflation. Although we may dispute as to whether the economy can live with such a high inflation in the long run. Is, for example, a mighty leap of inflation followed by its extinction a better solution than a relatively slow extinction of inflation? Were I to believe that the implementation of the government program will be accompanied by a not more than five-percent decline in production, I would happily support that program, because such a price is worth paying for a rapid extinction of inflation. But 20-percent decline seems to me more likely.

Ours is not the situation of the countries with market economies which implemented shock stabilization programs. We have no market institutions, beginning with such elementary ones as the banking system. It is

assumed that on 1 January a capital market will begin operating. No substitute institutions for distributing the surplus are incorporated in this project. Some enterprises will have plenty of funds and some will become bankrupt. The assumption that a system for transforming surpluses into savings and subsequently for transforming these savings into investments will operate from the outset is hardly substantiated. The chance that rational adaptation mechanisms triggered by market impulses will start operating is not very great. Thus, a sudden and radical change in relations may lead to extensive bankruptcies. Here, besides, a rather awful feedback comes into play. The state budget must make some provisions for unemployment, such as a rigid unemployment fund. The bankruptcies may result in a large number of beneficiaries of the unemployment fund. This will increase the budget deficit. Output will be lower and inflation higher. This discrepancy is growing steeply. I am also disturbed by the principle of a fairly stable rate of exchange of the zloty. I categorically affirm that it is not possible for the prices to increase only by 45 percent in January in the presence of such a rate. I assume that the increase will be rather twice as much, and in the presence of such an inflation the rate of exchange should be fixed much higher, so that it may not immediately collapse. We also face a great dilemma as regards a rate of exchange that is profitable to enterprises. In the beginning Poland's frontier may have to be cordoned off with augmented troops so that its citizens may not remove everything with them, because any exports will be incredibly profitable for both enterprises and private citizens. But a month later, if my hypothesis that inflation in January will be nearly 100 percent proves true, the effective rate of exchange of the zloty may prove so high that incentives for exports will disappear.

**M. Dabrowski:** Why?

**R. Bugaj:** Because domestic prices will rise so much that exports will cease to be profitable. In the presence of a high inflation a stable currency rate of exchange is a cure that can kill. One more comment, concerning wage and tax solutions. Given the presence of such a tax guillotine [the tax on wage increases] my fear of the exceptionally negative consequences to motivation is greater than my fear of a reduction in real wages. Enterprise operations will become greatly straitjacketed. The government counts on the adaptation of production structure to the market. But altering the structure of production means employing certain incentives, among which wages are the principal incentive. Yet the wages are to be restrained. From this standpoint considered, I believe that the shock to the private sector, too, will be fatal. Two months ago we had disputed in the Sejm whether to raise the then laughable taxes levied on the private sector. This had to be done. As late as last December anyone who had a tax card paid on the average 16,000 zlotys! Yet the state budget subsidies pay, as a rule, much more in child and child-rearing allowances to groups which in general have high incomes. And suddenly on 1 January they get whacked.

**M. Dabrowski:** A raise in taxes by a factor of 8.

**R. Bugaj:** An eightfold raise plus taxes on real estate. This is a shock to these people. Why do it? The government has focused its efforts on one direction and all the budget items are subordinated to that concept. In this sense, there is no alternative. I shall try to make this program successful, but I believe that we will be acting at an unreasonably high risk. It is said that economic stabilization elsewhere has been accomplished by means of shock treatment. But that is, statistically speaking, successful only the third time, not the first. Properly speaking, all the foreign examples do not apply to us, because the other countries started out in the presence of developed market institutions and private economies. Israel, for example, still had gigantic financial resources which assured the success of its program. Speaking realistically, gradual solutions should have been explored. It was a mistake, e.g., to marketize Poland's food industry without attempting to control procurement prices. The decision which gave birth to inflation had been taken by the Rakowski Administration, but our Administration did not attempt to nip it in the bud.

**M. Dabrowski:** Food prices would still have soared anyway, in the absence of a demand barrier.

**R. Bugaj:** Farmers would have accepted the fixing of maximum prices. There would be problems for some time, and they would postpone sales, but it was clear that they had to go to procurement stations. At the same time, the scale of inflation would have been smaller. Regarding every matter we have discussed here, I would have proceeded more slowly. Gentlemen, if you ask me what about the state budget, I would answer that, in our conditions, the budget should be balanced more with revenues and less by cutting expenditures. Given such a high inflation and the absence of effective instruments for distributing the economic surplus, the limit of the income tax should not be rigid. I would not at present hesitate to support some form of a progressive income tax, even though I am familiar with the defects of that tax. From the motivational standpoint, this would be a less harmful solution to enterprises than the guillotine of the tax on ceiling-exceeding wages.

**M. Dabrowski:** These are not substitute instruments.

**R. Bugaj:** To a certain extent they are.

**M. Dabrowski:** To a greatly limited extent. Raising the income tax harbors the peril of wage raises that would to some extent be justifiable. It would make quite pointless the liberalization of prices, which triggers adjustment processes.

**R. Bugaj:** On the contrary. Everything depends on the scale of the progression [of the income tax]. If the progression is mild, it does not ruin anything; it merely blunts the edge.

**M. Dabrowski:** Throughout the private sector it would prompt reliance on the underground economy.



**R. Bugaj:** But I am not claiming that this should also apply to the private sector.

**G. Chrystowski:** I understand that saving the state budget is a great aim and a price has to be paid for it. But how great a price? I represent a private company. There is a big difference between a company managed as a legal entity and a craftsman so far as paying taxes is concerned. As regards progressive taxes, we have the experience of 40 years. Consider for example the following suburban scene: a tiny greenhouse and next to it a palatial mansion. It did not pay the flower or parsley grower to broaden his production base, because his income and taxes were reckoned progressively per square yard. Or consider a craftsman's tiny forge with an anvil dating from the 1930s, which assures a fairly good living for his entire family. The owner did not make any new investments, did not expand his forge, to avoid being penalized [by high taxes]. He focused his energies on consumption—hence those palatial mansions.

But to come back to the main issues, i.e., to suppressing inflation, serious doubts are arising from the viewpoint of the embryonic private sector. The society is supposed to bear the high cost of, I emphasize, rescuing "the old order," chiefly from the standpoint of property relations. Is this to be understood as meaning that the present economic system has to be salvaged first before its assets can be privatized, that is, sold to private individuals (persons and legal entities)? I have the impression that the spirit of real socialism still haunts the minds of economists. Further, why is it that the budget rescue is not being pursued as aggressively by eliminating the supply shortages? By this I understand the immediate creation of optimal conditions for the formation and growth of private manufacturing companies. Private investment projects in Poland at present are chiefly funded with savings in hard currencies or real estate. They do not require considerable credit (unlike the so-called socialized sector), and hence they do not spur inflation.

**J. Eysymontt:** But still how many people are willing to invest their own money?

**G. Chrystowski:** The point exactly is that people should be willing to extract their dollars from the mattress and take the risk. But that requires elementary security guarantees. For example, investment outlays in toto should be charged to cost and depreciation, with the latter being continually updated according to the inflation index. The current financial regulations binding on private companies (legal entities) are such that if, e.g., three persons gather together from various sources several hundred million zlotys which they invest in their own manufacturing business and if for the time being they operate the business alone without any employees other than themselves, the Treasury will penalize them for exceeding the wage ceiling (by paying themselves salaries out of their own capital!), with the penalty consisting in progressive tax of 200 or even 500 percent.

And what is more they also have to pay premiums to the ZUS [Social Insurance Administration].

**R. Bugaj:** But please consider the other side of the coin: Poland may be the only country in which there exist private entrepreneurs with extremely high incomes but there still are not any personal taxes. In general, it is a paradise. It is another matter when employees are abandoning the state sector for the private sector. This causes a decline in output in the state sector. But at the same time the earnings of the employee who switches to the private sector increase, generally twofold.

**G. Chrystowski:** But after all, he is doing something worthwhile when in the private sector, is not he?

**R. Bugaj:** Well, labor productivity in the private sector is only one-half to one-third as high, not because of lower efficiency but because of equipment shortages. For example, when an employee who operates five automatic lathes at a state factory switches to a private shop at which he operates one all-purpose lathe, he of course gets a much higher wage and even does a better job, but ultimately his productivity is much lower owing to the inadequate equipment.

**G. Chrystowski:** But in the state sector there is another kind of losses, because it has to support a huge clerical staff, maintain vacation homes, etc. Many housing projects have been built with the funds of plants and factories.

**R. Bugaj:** The private sector must grow in Poland, that is clear. But it is a fact that switching to the private from the state sector means a lower productivity. If a clerical employee switches to the private sector in order to sew slippers, that is a 100-percent gain to the economy. But if the person sewing the slippers had formerly, while in the state sector, been servicing a sizable ensemble of valuable and highly productive machines, which comes to a standstill once he departs, then that is a loss.

**G. Chrystowski:** Perhaps something should be done to promote the presence of such machinery in the private sector, too.

**J. Eysymontt:** It may be that there is no demand for the products manufactured by such machinery, whereas there is a demand for slippers. I believe that the assumption of the absolutely higher productivity in state industry is doubtful. What about the huge materials-intensiveness of that industry?

**M. Dabrowski:** Mr. Bugaj did not answer the question about an alternative program. Of course, it is easy to say that all this should be done more slowly, more gradually. But only after it is translated into operating language we can know whether this would be a realistic program. I do not preclude the possibility of another scenario that may have been feasible half a year ago. The earlier the program could have been launched, the greater the chances for a more deliberate approach.

**R. Bugaj:** As regards an alternative stabilization program, I believe that the opportunities should be explored in the form of a progressive tax "skimming" the inflationary overhang, as well as in indirect price controls, a gradual attainment of a uniform currency rate of exchange, and a gradual reduction of subsidies. However, the state budget should be balanced already for 1990—if necessary, at the price of a higher tax burden. The "positive" interest rate should be introduced concurrently with a tax on incomes derived from investments (as in "normal" countries).

**M. Dabrowski:** I admit that I had supported commencing a radical anti-inflation operation three months ago, which afforded an opportunity to extend it over a broader time frame. At present we are witnessing a convergence of such measures as overcoming the coal and energy price lag, the change in the currency rates of exchange, and the reevaluation of fixed capital combined with a near freeze of wages. Stretching these measures over a longer time frame would at present be very risky. All the time we have been teetering at the edge of destruction of the state's financial system and extinguishing the fire. How long can we pursue a policy of prolonging the subsidies for, e.g., coal, in order to disburse the next old-age pension payment? I have the impression that the chances for the acceptance of the shock-treatment program at present are greater than half a year ago, than ever before too. By contrast, postponing the changes would detract from the government's political capital and increase public impatience. People believe that if things are to get worse in order to get better then there should be no delays in improving their lot. Lastly, there is the issue of our limited field of maneuvers in negotiations with the IMF. The IMF is complaining because we have not yet privatized anything on a large scale. But it is complaining mildly about this issue, whereas it is exerting a much greater pressure as regards stabilization-related issues, and especially that most controversial of issues, wage controls. From the outset the IMF has been firm about this issue, as well as about currency convertibility, liberalization of prices and foreign trade, and abandonment of allocations and administrative rationing.

**R. Bugaj:** But they are firm for our own good.

**M. Dabrowski:** For their own good, too, because they are taking a financial risk. After all, Poland is an uncertain and atypical case, if only owing to considerations of its system of society. The aid we are getting is not as astronomical as that dreamed of by naive press columnists last June and July, but even so it is substantial. We shall receive direct stabilization aid amounting to about US\$700 million in four installments from the IMF plus a US\$1 billion stabilization fund created by the governments of Western countries. Subsequently it will be possible to open various lines of credit at the World Bank and to renegotiate indebtedness with the Club of Paris and the Club of London. Let me thus ask whether we would have obtained the same amount of aid if we had postponed this operation for half a year or an entire year? Here I am asking Mr. Bugaj as a person with considerable political instincts. I believe that this is a unique opportunity for us at present, because we have ceased to be the political exception in East Europe. By now the Americans are more concerned with the Soviet Union and the FRG with its eastern neighbor. This is the last bell before the train departs. At first we wanted to reach agreement [with Western financial institutions] on a softer, more gradual program, without drastic wage controls, but that turned out to be impossible.

**R. Bugaj:** I am aware of the IMF's pressure and hence my criticism is a bit conditional. However, viewing this January as a magic month is a poor idea. After all, after this program is published, you will have to discuss it with the trade unions. If only we could say that, once the inflation is suppressed, we will enter upon a new situation, but that is uncertain. On the contrary, there may arise a situation in which economic stagnation trends will have to be supported as a condition for restraining inflation.

**M. Dabrowski:** For the time being it should be stated that, according to the forecasts of the Ministry of Finance and the Central Planning Office, the output decline will be below five percent. But it is impossible to rely on forecasts, since no one knows accurately how economic entities will react to the new conditions. The fundamental question is whether, after that suppression of the high inflation rate for half a year, the next stage will be that of stagnation or of revival.

## POLAND

### General Medical Shortages, Fear Complicate Care of AIDS Patients

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No 3, 21 Jan 90 pp 1, 5

[Article by Anna Jarosz: "You Are Not Alone"]

[Text] "Local bodies are presently focusing all their attention on carrying out government tasks related to the administration's support for the development of trade unions and political pluralism in the country. The implementation of this task, which has a priority today, is encountering numerous difficulties."

These are the words that Mgr. Janusz Gesiorowski from the local affairs department of the City Office of the Capital City of Warsaw used in document SL IV 8175/7-26/89 to inform Dr. Maria Malewska that the "You Are Not Alone" Foundation would not receive any space for its headquarters. Director Gesiorowski does go on to assure her, however: "The solution to the problem of space for the organization's administration will continue to be a subject of concern for the local bodies." Well, pluralism is pluralism. Perhaps there would be nothing surprising in being turned down were it not for the fact that the "You Are Not Alone" Foundation has the goal of helping AIDS patients, those at risk, and their dependents.

"The foundation was established in June of 1989," says Dr. Maria Malewska, chairman of the foundation's board. "We became a legal entity in August. We do not carry on any economic activity. For the time being we are maintained by subsidies and gifts from various institutions and from people of good will. What are we going to do? First of all we want to conduct various sorts of prevention and prophylactic activity and do education and information work. We want to direct information and knowledge about AIDS to all of society, especially to youngsters and people in risk groups. We also want to meet the need—the scale is tremendous—for training health service employees and people working in education and the police. We want to help in various ways the people infected with the HIV virus, addicts, and family members. We are also going to try to support those who are afraid and feel helpless.

This would already seem to have been done, but daily life and the data published by the State Department of Hygiene show that you have to talk endlessly about AIDS and the dangers and ways to avoid the disease.

As of 15 December 1989, there had been 593 persons infected with the HIV virus in Poland. The largest group among them, 383 persons, were drug users, 72 were homosexuals and bisexuals, 56 were tissue donors, 7 had received blood transfusions, 16 had hemophilia, and eight were prostitutes. The rest are people in the category named "other causes." Unfortunately, this last group also includes children, that is, persons under 14 years old. This group presently numbers five, but we cannot consider this figure

to be precise, because to designate a newborn as seropositive, you have to observe the child for a year. At any rate, this problem, which has been noted to be the most serious in France, has now reached us too. France has already registered 800 infected children there, and the physicians predict that there will be about 600 more each year."

Dr. Wanda Szata, of the Polish Department of Hygiene, says that at the end of last year there were 26 patients in Poland, and 17 of them have already died. Twenty-four of them were men. The only female in the group was an 18-year-old drug user.

"If we now have nearly 600 infected persons, in four to five years we will probably have that many sick people," says Dr. Marek Staniaszek, of the Ministry of Health and Social Welfare. "I think that these statistics should be a sign to begin serious preparations, especially since the estimated cost of treating a single patient runs between 100 and 60,000 dollars [as published].

Some countries even today are asking the World Health Organization for support. They are unable to treat AIDS patients in hospitals. They are very often sent home with wishes for a speedy death. There are not enough hospital beds for such patients in our country either, and the space allocated for the purpose is usually not prepared. If we add to this the normal problems with equipment for single use, personal protection for personnel, rapid, thorough sterilization of dishes and equipment, the lack of any rapid blood control test, and the low level of knowledge, the general fear and occasional absolute panic are not surprising.

Nonetheless, neither fear for one's own health or lack of knowledge can excuse the behavior of the physicians and police described by Prof. Stanislaw Dabrowski, director of the Psychoneurological Institute in Warsaw, in his letter to the Ministry of Health and Social Welfare. It is worth mentioning as a reminder that the institute accepts HIV carriers for the purposes of detoxification or treatment of psychological disturbances. Meanwhile, on 4 April 1989 a policeman brought the institute an HIV carrier who had been detained in a restaurant for failure to pay her bill, and on 9 November, they brought people arrested in the act of breaking into a pharmacy. Similar incidents also occurred in July, September, and October. In addition, in July a patient with an unbandaged open neck wound was transported from the hospital on Banach Street in Warsaw. On 5 October the same hospital directed a patient with foot abscesses to the institute.

Incidents of refusal to give HIV carriers outpatient medical treatment are becoming more and more frequent. Usually, it is dentists, surgeons, and gynecologists who refuse them medical care.

"It is hard to give the precise reasons for such behavior," Dr. Staniaszek says. "I know that there are too few medical clinics and offices properly prepared to accept such patients, but to reject them causes aggressive reactions towards society. Some carriers keep their disease a secret and avail themselves of medical treatment in

district cooperatives and clinics. And that's why I'm sure that it is in our own interest to give particular care to this group of patients, but for this to happen, both physicians and all of society must understand this.

In Poland addicts make up the largest risk group. This is also why we should give them the most attention. In contrast with homosexuals, they have not changed either their sexual behavior or their lifestyle. Besides that, they are acting out their aggression in public more and more. There have already been instances of sticking passersby with dirty needles and biting health care workers.

This is also why what "Monar" is doing and what the health service is beginning to do is important. For some time they have been running a needle and syringe exchange with drug users who ask for them. In June 1,500 needles and syringes were dispensed, but in November only 100 people showed up. The promotion of condom use is somewhat worse. Epidemiologists say that it would be a good thing if, like other countries, addicts had easy access to sodium hypochlorite to rinse needles and syringes. These three things can greatly reduce the spread of AIDS, but it is also essential to provide them with the full range of medical care and hospices where they can live and die in peace.

HIV carriers are increasingly seeking help at "Monar," because they have nowhere to live or because they can no longer live where they used to. It is true that the deputy president of Warsaw promised Marek Kotanski to find appropriate housing for this purpose, but will he keep his promise, when Dr. Malewska's foundation cannot even keep its office space? After all, it seems to me that this really is a way of measuring the way AIDS problems are generally treated in our country."

"The foundation's activity may be successful in all respects," says Dr. Maria Zimicka, who under foundation auspices makes contacts with the health service. "Even now we can train about 200 people. Many teachers want to talk to their pupils about AIDS and ways to prevent it. The Polish Nursing Society has also said it wants to cooperate. We also have the possibility of importing educational films and video cassettes. There are already a lot of books. There are also people willing to conduct training."

But only the assumptions turn out to be simple. In practice, many physicians do not want to hear about additional training, saying that everyday problems are far more important and difficult for them. Others are interested up to the point where they have to make some sort of concrete declaration, but many, unfortunately, know very little about AIDS. Physicians, like the rest of society, bear stereotypes and ways of thinking about the disease and the way to deal with patients. The cascade system of training proposed by the Ministry of Health and Social Welfare did not meet the community's expectations.

After all, the whole system of training and conveying information through participants in international sessions devoted to aids leaves a great deal to be desired. The information reaches the ordinary physician many,

many months later, and the statistics are no longer relevant. Well, it varies with the distribution of resources to buy equipment, tests, and the like too. Sometimes the equipment winds up only in academic centers, which do not always want to work with drug users.

"Taking AIDS as an example, the health service does not seem to have combatted prejudice," says Dr. Staniaszek. "Some patients are still being treated better and others worse. Physicians very correctly are asking their employers for safeguards and for personal protective clothing and equipment. In England, on the other hand, the physicians use protective clothing and equipment. In England, the physician must take care of himself on his own and appropriately "arm" himself for work, because he may not ask a patient whether or not he is a carrier. We cannot keep repeating that AIDS is the result of one's own choice, of accepting a certain lifestyle. This is true, but it is also true that anyone can be infected.

I can cite one of the people I spoke with who said that there are many more important problems in Poland and that physicians are mainly interested in making money. On the other hand, though, this disease is still not being taken seriously. The Ministry of Health and Social Welfare has no AIDS plenipotentiary. There is no center to coordinate efforts aimed at reducing the number of new cases or supplying hospitals and clinics. The community is not familiar with the opinions of the ministry's AIDS council. It operates as though it were working for itself, and, to tell the truth, it does not have much to show for its activity. Besides, it is probably high time to resolve the legal issues. For example, will a person be punished for keeping the fact he is a carrier secret? Under what circumstances may a physician refuse to give assistance? When will he be called to account before the peer court for his action? And finally, what about patient anonymity and the confidential relationship between patient and physician? The only decision that has been useful for health service employees was the decision about financial benefits for employees who work with patients and carriers. People in continual contact with this group of patients receive between 112 and 840 percent of the basic salary, that is, between 40 and 320 zlotys. For a one time visit the fee is between 3 and 16 thousand zlotys. I leave it to our readers to decide whether these rates are appropriate.

The only cheerful aspect of the current situation is the fact that more and more people are joining the volunteer drive to combat AIDS and to bring patients various kinds of assistance. There is also hope in the words of Jonathan Mann, director of the World Health Organization's world program to combat AIDS. Among other things, he said that many tragedies that have occurred in the past had no influence at all on the world, but AIDS has changed all of us, our countries, our communities, our hearts. He says that drawing conclusions from the hard experience gained in the 1980's, we know that we will not only endure but win, and that individual efforts are being multiplied by hundreds and thousands of humanitarian actions in solidarity that will light up the world and the future. If only it can happen that way.

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